

Annual report

2021

21

MOE

SFI


SFI

We invest in successful companies that lead their respective market segments or can potentially lead them with our help. We help our partners to boost their business and fulfill their development potential.

About Report

In this Annual Report, the terms PJSC 'SFI', 'SFI', 'Company', 'holding company', 'holding' and 'we' in various forms refer to all companies whose results are consolidated in the 2021 IFRS financial statements of PJSC SFI. This Annual Report should be read together with our 2021 audited financial statements (IFRS).

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.

The list of terms and abbreviations used herein can be found on  **Page 101** of the Annual Report.

This Annual Report was approved by the Board of Directors on 28 April 2022.

The Company's Revision Commission, auditors, management and Audit Committee confirmed the accuracy of the data presented in this Annual Report.

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.

Contents

1 About the holding

05	SFI strategy
05	SFI in figures
06	SFI assets
08	Share capital
09	Exchange trading
10	Key events for 2021
12	SFI history
14	Dividend policy
15	Dividend income
15	Information policy

2 Strategic report

17	Chairman's Statement
20	CEO's Statement
22	SFI's new development strategy
27	Main financial results for 2021, according to IFRS and RAS
	SFI assets in 2021:
28	Private assets
40	Public assets
46	Growing business

3 Corporate governance report

49	Basic principles of corporate governance
50	Corporate governance structure
51	General meeting of shareholders
54	Board of Directors
62	Remuneration and compensation to members of management bodies
63	Committees of the Board of Directors
65	Corporate secretary service
66	Audit and Control System
68	Risk management

4 Sustainability report

77	SFI sustainability principles
82	Sustainable development of SFI assets
90	Social and charitable projects

5 IFRS consolidated financial statements

93	Consolidated statement of financial position
94	Consolidated statement of profit or loss and other comprehensive income
96	Consolidated statement of changes in equity
98	Consolidated statement of cash flows

6 Additional information

101	Glossary
102	Appendices
103	Contacts

SFI's informational resources:

Web-site
www.sfiholding.ru

Telegram
t.me/sfiholding

We are always keen to hear what you think about the 2021 Annual Report of SFI. Please send your comments and feedback to ir@sfiholding.ru



1

About the holding

1. ABOUT THE HOLDING

5

PJSC "SFI" (SFI) is a public 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, and develops IT startups. Customers of the companies that are part of the holding include 54 million individuals and 624,000 corporate entities. SFI shares are traded on the Moscow Exchange (trade code SFIN). They are included in the Level 1 Quotation List.

The holding and its assets were once again included in the RBC 500 rating of Russia's largest companies in 2021.



SFI strategy

We invest in successful companies that lead their respective market segments or can potentially lead them with our help. We help our partners to boost their business and fulfill their development potential.

SFI in figures^[1]

Assets

RUB **217.1** BLN

Earnings per share

RUB **83.54**

Total income

RUB **13.2** BLN

Capitalization^[2]

RUB **58.8** BLN

Net profit

RUB **4.1** BLN

^[1] Key financial indicators of PJSC "SFI" according to IFRS.
^[2] As of December 31, 2021.

Ratings in 2021

BB-/B

Long-term/short-term international credit rating by S&P Global Ratings, stable outlook, confirmed on June 29, 2021^[1]

A(Ru)

Credit rating by ACRA, stable outlook, confirmed on September 17, 2021.











Business model

SFI forms a pool of assets consisting of companies that have good growth potential and have/could become leaders in their industry. The portfolio consists of three "baskets": public and non-public assets, growing companies/startups.

By participating in management and investing in development, SFI adds value to its assets. The holding receives income from dividends and from the sale of companies or parts of them. The funds are used to pay dividends to SFI shareholders, acquire new assets, support subsidiaries, and pay off the holding's current debt.

[1] The S&P rating was withdrawn in April 2022 due to the general economic and political situation.
[2] In 2021, IFRS (ex. GFN.RU).
[3] As for the end of 2021, IFRS.
[4] In terms of oil and gas condensate production in the Russian Federation in 2021, by largest companies, data of the Central Dispatch Administration of the Fuel and Energy Complex, CDA FEC.

SFI assets

Private assets		Public assets		Growing business/venture
INDUSTRY				
Leasing	Insurance	Retail	Oil production and processing	Information technology
 Page 28	 Page 34	 Page 40	 Page 44	 Page 46
Euroman leasing company	VSK Insurance House	M.Video-Eldorado Russia's leading e-commerce and consumer electronics retailer	RussNeft oil company	GFN.RU gaming service
OWNERSHIP				
100%	49%	10.4%	11.2%	51%
LEADER of the Russian car leasing market	No. 6 among Russian insurers	LEADER in Russian tech and electronics retailing	No. 8 ^[4] among Russian oil companies	EXCLUSIVE PARTNER of NVIDIA GeForceNow in Russia and CIS
RUB 145 BLN leasing portfolio ^[2]	RUB 95 BLN insurance fees ^[2]	RUB 571 BLN gross merchandise value ^[2]	RUB 33 BLN net profit ^[2]	RUB 300 BLN normalized revenue ^[2]
				 PROVIDED BY GFN.RU

Share capital

The number^[1] of accounts registered as shareholders is

1,033

As of December 31, 2021, the authorized capital of PJSC "SFI" amounted to RUB 74,797,319.97 and consisted of 111,637,791 ordinary registered shares with a par value of RUB 0.67 each. Starting from March 23, 2017, all issues of ordinary registered shares were combined into a single issue with state number 1-02-56453-P. SFI has no preferred shares. The State does not participate in the holding's authorized capital.

In 2021, SFI completed a three-year share buyback program, approved by the Board of Directors in late 2019.

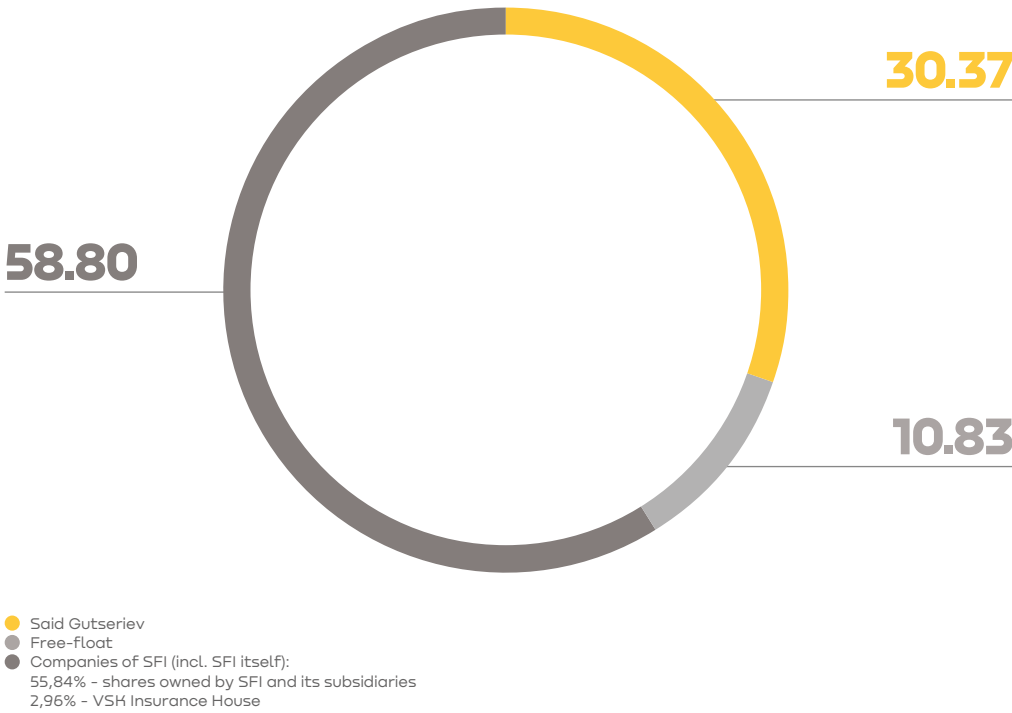
The holding itself owns

1.7%

of treasury shares^[1]

The two operators of the buyback program, Weridge Investments Limited and Barigton Holdings Limited (100% subsidiaries), consolidated 54.2% of the holding's shares (Weridge Investments Limited — 34.3%, Barigton Holdings Limited — 19.9%).

The structure of the share capital of PJSC "SFI"^[1], [%]



[1] As of December 31, 2021.

Exchange trading

SFI ordinary shares are included in the "Level 1" 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, RUB	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 2021

Maximum closing price	RUB 541.2
Minimum closing price	RUB 427.2
Price at the end of the reporting period	RUB 526.4

RUB 58,766.13 MLN
Capitalization at the end of the reporting period

Source: Moscow Exchange.

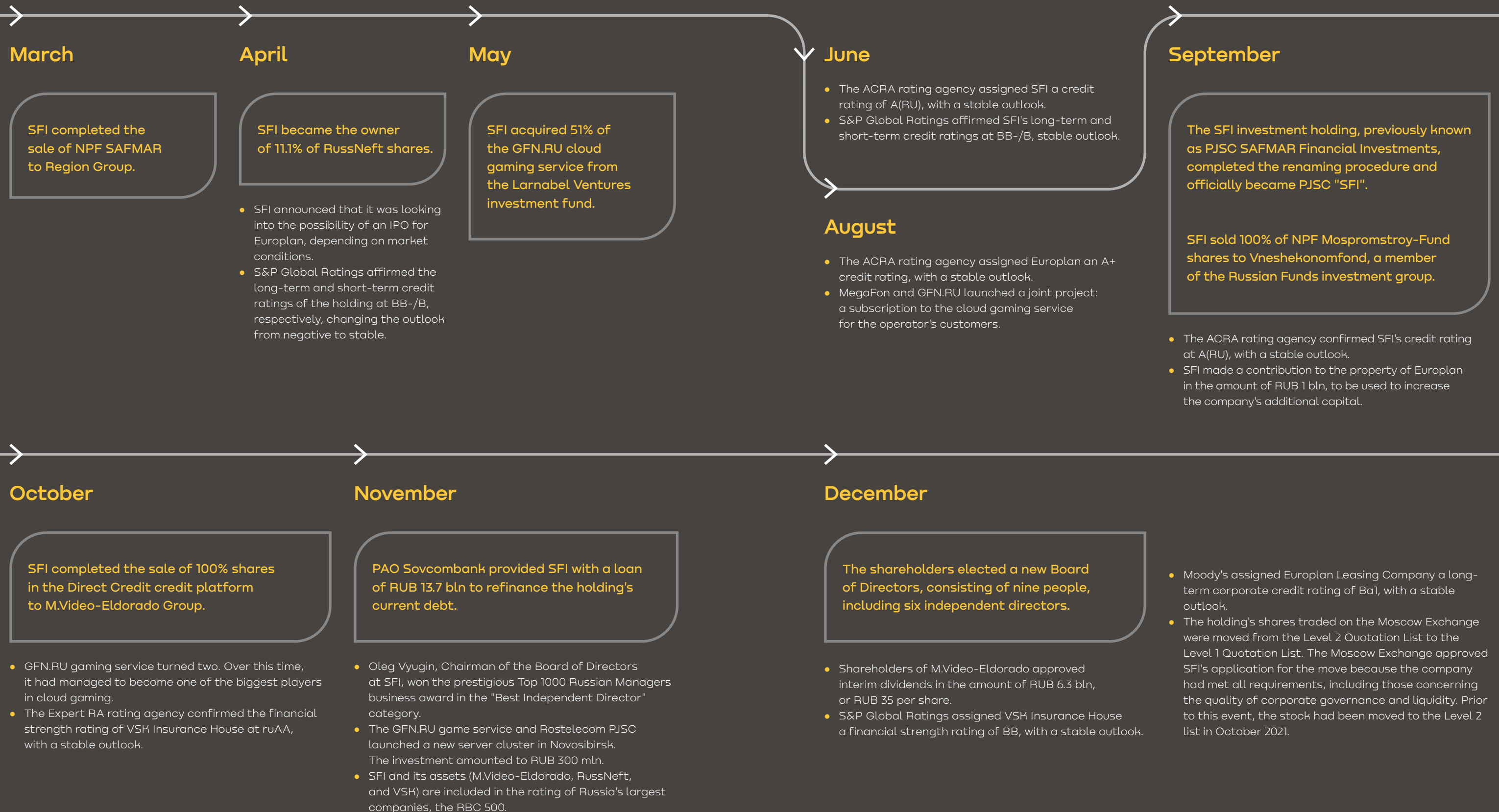
Keeping the shareholder register

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.

Market makers

During 2021, market-making services were provided by investment and brokerage companies I.T. Invest JSC and FINAM Investment Company JSC.

Key events for 2021



SFI history

PJSC "SFI" is a major player in the financial market and combines public and non-public assets, as well as growing businesses. Below are the main formation and development stages of the holding and its portfolio companies.

2013–2015

- Pension assets acquired, including the NPF Raiffeisen (subsequently rebranded as NPF SAFMAR).
- Europlan LC acquired, IPO in December 2015.

2016

- 49% of VSH Insurance House acquired.
- The three funds acquired earlier merged with NPF SAFMAR.
- JSC Europlan's SPO.

2017

- The leasing business separated into a subsidiary of Europlan LC.
- The holding rebranded as PJSC SAFMAR Financial Investments.

2018

- New private pension assets (Doveriye and Mospromstroy-Fund) and Direct Credit credit broker acquired.
- S&P international rating: B+.
- Three-year share buyback program launched.

2019

- NPF Doveriye merged with NPF SAFMAR.
- S&P international rating upgraded to BB-.
- Share buyback program expanded: buyback operator consolidated 8.44% of SFI.

2020

- The buyback operator consolidated more than 50% of SFI shares.
- A 10% stake in M.Video-Eldorado Group, a leading retailer of electronics and household appliances, acquired.

2021

- Exit from the pension business: pension funds sold.
- 51% stake in GFN.RU cloud gaming service acquired.
- Stake in RussNeft Oil Company acquired.
- The holding renamed and rebranded as PJSC "SFI" (SFI Investment Holding).
- Direct Credit sold to the M.Video-Eldorado Group.
- Share buyback program completed.
- New investment strategy for PJSC "SFI" adopted.



Dividend policy

SFI's Regulations on Dividend Policy (Revision No. 3) were approved by the Board of Directors in April 2019.



SFI's Regulations on Dividend Policy and information about the General Meeting of Shareholders' decision regarding the payment of dividends are published on [the holding's website]





[the e-disclosure website]



In addition, information on dividends is communicated to shareholders by being published in accordance with the applicable laws of the Russian Federation.

Due to the adoption of the share buyback program, as well as under the terms of the loan agreements entered into by SFI, the Annual General Meeting of Shareholders, held on June 23, 2021, resulted in a decision not to pay dividends for 2020.

The recommended amount of dividend payments is determined by the Board of Directors, depending on the financial results for the year. The target level of dividend payments is not less than 75% of the minimum indicator:

- based on the amount of net profit specified in RAS (Russian Accounting Standards) compliant accounting/financial statements 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.

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.

PJSC "SFI" is a investment holding whose main source of income is dividends from subsidiaries and affiliates. Under RAS, dividends are recognized as income when received, which forms the holding's profit and allows for the payment of dividends to its shareholders. Profits can also be generated if the reevaluation of the holding's investments is positive, but in this case, there is no corresponding cash flow, from which payments to shareholders can be made. To exclude this possible discrepancy, the Board of Directors decided to choose the lowest figure from the RAS net income and free cash flow when calculating the target level of dividend payments.

The company can increase returns to shareholders with its share buyback program. If a decision is made to increase returns to shareholders through a share buyback, the Board of Directors will take into account current availability, cash adequacy, operating performance, holding's needs, and overall financial market conditions.

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.

Dividends paid by PJSC "SFI" (until 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, RUB
2016	Ordinary share	1-02-56453-P	0.00
2017	Ordinary share	1-02-56453-P	30.25
2018	Ordinary share	1-02-56453-P	14.50
2019	Ordinary share	1-02-56453-P	0.00
2020	Ordinary share	1-02-56453-P	0.00

Dividend income

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

PJSC "SFI" received dividends in the total amount of RUB 2.541 bln (incl. RUB 1.426 bln from subsidiaries)




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);
- accounting (financial) reporting;
- 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]



[1] As of December 31, 2021.



2

Strategic report

Chairman's Statement

Oleg VYUGIN

Chairman of the Board of Directors of SFI PJSC



Dear shareholders!

The past year, 2021, has been a year of intensely active restoration in the global economy. World GDP growth exceeded 4% during this period. The economy of the Russian Federation recuperated at an even faster pace: according to the preliminary estimates, Russia's GDP growth in 2021 amounted to 5.2%, compensating for the losses in the fall of 2020. The investment houses' consensus forecasts for the global economic growth in 2022 also remained quite optimistic, until recently. Even despite the growing threat that global inflation will remain stable at unusually high levels.

For PJSC SFI, this year has also been fruitful, becoming a period of fundamental changes that affected the company's business strategy, as well as the way corporate governance and business processes are organized.

- During this reporting year, PJSC SFI switched to a diversified investment holding structure, significantly expanding the list of sectors in the Russian economy that it is ready to invest in.
- The Board of Directors approved a new strategy, which set the holding's key development directions for the years to come.
- The major shift in PJSC SFI's activities was reflected in its rebranding and name change.
- The composition of the Board of Directors underwent vital changes: six out of nine members of the new Board, elected in December 2021, are independent directors.

It is more than obvious that the adoption of international economic sanctions against the Russian Federation by a number of countries will have an impact on the economic situation of the country, just as on our strategic plans, and some adjustments will be required. We are currently witnessing a major volatility surge in the stock and currency markets, along with radical changes in their liquidity and in the usual cost of attracting debt and equity capital. Foreign investors are leaving the Russian market. The Russian economy is experiencing more and more pressure due to sanctions. For this reason, 2022 is looking quite challenging for the entire Russian economy, and it is too early to talk about the consequences of this year's events, as well as how Russia will overcome them.

Still, the holding's subsidiaries and dependent companies have strong management teams today, and these teams proved to be highly efficient when resolving previous crises and managed not only to preserve the business but also to grow it at a high pace. We are quite justified in thinking that our subsidiaries and dependent companies, with the active support of the holding's specialists, will once again cope with the current situation, adjust business models, and fine-tune their tactical and strategic approaches in order to ensure sustainable business development.

As I go over the key events of 2021, which are the focus of this annual report, I absolutely must mention several most important ones.

Change in the investment model

As decided by the Board of Directors in 2021, PJSC SFI has completely switched from the financial holding company strategy to the diversified investment holding company model and is now investing in a variety of industries. Somewhat earlier, in 2020, the Board of Directors instructed the holding company's management to create a new development strategy, accounting, among other aspects, for the new investment strategy.

The recent series of transactions with the holding company's assets, approved by the Board of Directors and carried out in 2021, reaffirms the strategic transformation of the holding company's business model. PJSC SFI completely left the pensions business after selling two private pension funds, NPF SAFMAR and Mospromstroy-Fund. It also withdrew from the membership of the credit broker and acquired shares in an oil company and a stake in a gaming service. Therefore, PJSC SFI currently has its interests represented in the following fields: leasing, insurance, household appliances and electronics retail, oil extraction and refining, and IT.

Completion of the share buyback program

The three-year share buyback program, approved by the Board of Directors in 2018, was completed in the fall of 2021. The acquisition of PJSC SFI's ordinary shares under the buyback program was carried out by the holding company's subsidiaries, with the involvement of a broker, and financed out of the holding company's free funds. As a result, the company's subsidiaries became the owners of 54.2% of its treasury shares, with an additional 1.7% being owned by PJSC SFI directly. The remaining 10.8% of shares are traded on the Moscow Exchange in the first quotation list. Plans for further disposal of the holding company's treasury have been suspended for the time being, due to the

general situation in the financial markets. I can assure you, however, that we will be informing all shareholders about corporate events at the holding company in a timely manner, escalating significant issues for resolution to the General Shareholder Meeting, if necessary, as required by Russian law and PJSC SFI charter.

New composition of the Board of Directors

During an extraordinary meeting at the end of the year, PJSC SFI shareholders elected new members of the Board of Directors: nine people in total, including six independent directors. The presence of independent directors in the Board proves that the holding company is completely forthcoming and that the key decisions on managing its assets are made in a transparent manner. The directors have expert knowledge in a variety of fields in economics and finance, making it possible to deploy a diversified investment holding strategy. We are confident that the introduction of the best corporate governance practices will make the holding company more attractive in the eyes of investors. The committees under the Board of Directors were also re-elected at the end of the year, and as soon as in 2022, their members held several organizational meetings to discuss strategy, risks, internal audit, and nomination and remuneration policy.

6 OUT OF 9
members of the Board
of Directors are
independent directors

The Board of Directors considers the changes that PJSC SFI underwent in 2021 to be well-timed, and thanks the team for purposeful, fruitful work.

I hope that the foundation that we laid down in 2021 will contribute to the further development of both the investment holding and its assets, represented by its subsidiaries and dependent companies.

CEO's Statement

**Avet
MIRAKHYAN**

Chief Executive Officer of SFI PJSC



Dear shareholders!

Russian economic environment changed dramatically in the first months of 2022. These developments have affected both financial markets and all other industries, from manufacturing, fuel, and energy to consumer goods and services. Given the situation, one would think that investors have lost all interest in the 2021 results – starting this year, Russian companies will essentially operate in a completely new environment, and their performance and financial results will be substantially different from those of previous periods.

Nevertheless, SFI shareholders find the results of the past year to be of significant interest, especially in this context. The year 2021 saw significant structural changes in the Holding. Last year, we adopted a new investment strategy to, among other things, diversify the business and form a portfolio that would resist various risks associated with specific sectors and industries. Currently, the Holding's portfolio includes stakes in oil industry companies (RussNeft), insurance companies (VSH), and the M.Video–Eldorado retail network. The Holding owns a 100% stake in the leasing company Europlan and a 51% stake in GFN.RU, a promising startup gaming service.

In this way, SFI shifted from a financial sector portfolio to a diversified multi-sector portfolio, focusing on companies that are leaders in their market segments or can become such with our help. We plan to further expand our asset portfolio, taking into account our potential to achieve target return-on-investment in the current macroeconomic situation.

The 2021 strategy subdivides assets into three baskets: public companies, non-public companies, and growing businesses. We have clearly-defined management principles for each of these baskets. In some cases, we just provide managerial and financial support to companies, helping them reach their growth targets; in other cases, we act as a financial investor, acquiring stakes in fundamentally undervalued companies to sell them later a profit. And in some cases, we find strategic investors to foster business development.

Given the changes in the investment strategy, we made the decision to rebrand the company last year and modernize its name to SFI. Appropriate changes to the Charter were approved in August 2021 and the new corporate identity was developed in the autumn. The Annual Report you are reading is the first to represent these changes.

One of the most important projects of the last year was our debt refinancing, the funds from which were used to finance our share buyback program. We successfully reduced the amount of debt we had in 2021, mainly due to the successful sale of some of our assets (Non-state Pension Funds SAFMAR and Mospromstroi-Fond, as well as Direct Credit). We used a portion of the proceeds from these transactions to pay off our debt early. And in November 2021, we at SFI, having considered several options for debt refinancing, restructured our debt at a new bank, moving from a floating rate to a fixed rate and getting several better non-financial debt service terms, compared to our previous loan terms. The developments of recent months demonstrate that this was the right decision.

Moreover, selling these companies allowed us not only to repay a part of our debt early and acquire new assets, but also to maintain positive business dynamics of our subsidiaries, reducing the pressure on their capital through various instruments.

By the end of the year, the Holding itself had a net profit of RUB 4.1 billion, while total operating and financial income added up to RUB 13.2 billion.

Given the current economic and financial uncertainty, it is difficult to predict the performance of the Holding and its subsidiaries in 2022. However, the well-balanced and diversified portfolio of SFI, combined with the high growth potential of each company within the Holding, the groundwork for which was done in previous years, allows us to remain optimistic in terms of our investment strategy.

RUB **4.1** BLN
net profit

RUB **13.2** BLN
total operating
and financial income

SFI's new development strategy

In September 2021, the Board of Directors of SFI investment holding approved a new development strategy for PJSC SFI, which had been a work in progress throughout 2020 and 2021.

It records the changes in the holding company's investment policy over the past year and sets strategic goals for the next five years. The key mission of the strategy adopted last year is to make the holding company more appealing to investors and significantly increase its capitalization.

Leaving behind the concept of a holding that invests only in financial companies, SFI transitioned to a diversified investment holding model. SFI's further development is to involve the selection of assets from three investment baskets: public and private companies, as well as growing businesses (startups, in a broad sense of the word). This approach makes it possible to make the asset portfolio more balanced and reach the target returns at a given risk level. The holding company's management has plans to expand investment opportunities by acquiring new assets from different sectors, accumulating their value, and introducing best corporate governance practices.

Private assets



Business model:

- Investing in companies with long-term growth potential
- Increasing asset value: strategy update and involvement in corporate governance through the Board of Directors
- Exiting from assets through the IPO and/or sale to a strategic partner

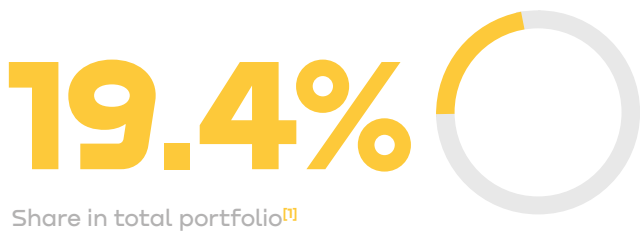


Page 28



Page 34

Public assets



Business model:

- Acquisition of a large share of fundamentally undervalued public companies for the portfolio
- Dividend income
- Sale of a stock/part of a stock upon reaching the target level of the company's valuation

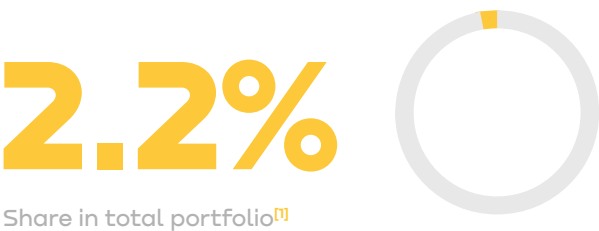


Page 40



Page 44

Growing business/venture



Business model:

- Acquisition of a growing business, including a startup
- "Growing" an asset: investing in development/strategy, participating in asset management
- Searching for a strategic investor to achieve maximum synergy, selling a partial share or 100% of an asset



Page 46

20%+

Total expected return^[2]

Dividends and funds received from the sale of assets form a liquidity reserve for:

- 1 paying dividends to SFI shareholders;
- 2 acquiring new assets;
- 3 supporting subsidiary companies;
- 4 servicing the company's loans.

^[1] The shares are calculated as % of capital (book value) according to IFRS statements as of December 31, 2021.
^[2] Return on investment.

The main objectives of the new strategy:

The main objectives of the new SFI strategy are to expand investment opportunities and increase the set of value creation tools at the level of the holding company's assets and the holding company overall.

Key changes	Strategy 2017–2020	Strategy 2021–2025
Expanding investment opportunities by industry	Focus on financial industry	Lifting of industry restrictions
Assets categorized into different groups by risk/return ratio	Investment in solid assets	Investment both in solid and emerging/venture assets
Different risk appetites	Strategic management with a bias for conservative strategies	Opportunities for venture financing and expansion of acceptable asset development strategies
Holding-level value creation	Mandatory dividends and zero debt policy	Flexible funding capabilities (if required), co-investor recruitment, share buyback
Reduction of the discount on the holding company's value in relation to asset value	No focus on discount management	SFI took its first steps to follow through on the key message of its new strategy throughout 2021.

The main principles of the new strategy:

- 1

Search for investment opportunities in different segments of the economy.
SFI's highly professional team continuously monitors the M&A market to find high-quality assets with stable, predictable returns. Preference is given to those companies whose activities may be synergistic with other assets of the holding. Investment decisions are made by SFI's Investment Committee and then by the Board of Directors.
- 2

Strategic portfolio asset management.
Assets are managed through the Board of Directors, as well as through SFI's investment/managing directors without immersion into operations. The focus is mainly on determining the strategy of asset development and monetization, as well as on motivating the management of portfolio companies.
- 3

Funding portfolio asset development.
SFI keeps track of opportunities to reduce funding costs for portfolio companies and provides support in attracting financing. The holding company also pours its own funds into asset development where required.
- 4

Development of synergies between portfolio companies.
SFI creates horizontal links between portfolio companies to find and activate synergies, in addition to motivating the management to develop them.
- 5

Monetization of portfolio assets.
SFI monetizes its assets by increasing the dividend flows from subsidiaries and dependent companies, or by exiting the assets when the target valuation level of the company is reached. On top of that, the holding company is constantly looking for strategic investors for joint asset development.
- 6

Sustainable long-term growth of SFI capitalization
is planned to be achieved, among other things, by improving management efficiency, constantly monitoring expenses, developing transparent corporate governance, and regularly engaging in an open dialogue with the investment community.

The main stage of implementing SFI's updated strategy for the next five years:

- 1

restructuring and gradually repaying the debt accumulated to support the share buyback program;
- 2

reducing the treasury block of shares;
- 3

improving the holding company's information transparency, bolstering investor relations competencies;
- 4

maximizing the synergy effect between portfolio assets;
- 5

actively searching for new assets to purchase.

SFI took its first steps to follow through on the key message of its new strategy throughout 2021. The holding acquired a number of non-financial assets: more than 10% in M.Video-Eldorado (December 2020), the largest Russian retailer of household appliances and electronics; 11.2% in the RussNeft oil company; 51% in the GFN.RU gaming service, a startup that develops cloud gaming services in Russia and is an exclusive partner of NVIDIA GeForceNow in Russia and the CIS. The holding company also made a complete exit out of some of its financial assets. Specifically, it sold two private pension funds, directing the money earned towards repaying debts and developing other subsidiaries. In addition, SFI completed the sale of the Direct-Credit POS lending service to M.Video-Eldorado group, which allowed the latter to develop its own fin-tech direction on this credit platform.

As part of the new strategy, SFI restructured its debt in November 2021. After considering several possible options for refinancing existing debt, the holding company signed a loan agreement with PJSC Sovcombank, whose terms proved to be the best match for the implementation of SFI's strategy. Sovcombank is currently SFI's sole creditor.

SFI's three-year-long share buyback program was completed in November 2021 as well. At present, SFI's subsidiaries of SFI — the repurchase operator Weridge Investments Limited, and Barigton Holdings Limited — own 54.2% of its quasi-treasury shares. Another 1.7% belongs to PJSC SFI. About 10.8% of shares are in free circulation.

During an extraordinary shareholder meeting in December 2021, SFI's shareholders elected a new Board of Directors (see the Corporate Governance Report [page 48](#)). Six out of nine directors are independent. This is compliant with the best practices of corporate governance, allows for improving the transparency of decisions made, and increases the holding company's attractiveness in the eyes of investors.

Rebranding

The holding company decided to rebrand in 2021; and in August 2022, its name was officially changed from PJSC SAFMAR Financial Investments to PJSC SFI. Over the course of the summer, SFI, together with the major branding agency Depot WPF, began developing a new corporate style. The brand's new platform was revealed to the public at the end of the year.

The rebranding had involved a series of in-depth interviews with the SFI team, as well as an analysis of the values upheld by the holding's team and its key partners and stakeholders. The data collected informed the brand's strategy, positioning, and unique style with a new logo.

The letter i with a flowing title

is associated with the holding's ability to support its subsidiaries and search for synergies between its assets. It also symbolizes business development and growth. This eye-catching trademark, along with SFI's choice of color — a vibrant yellow, for movement and progress — reflects the nature of changes occurring in the holding.



Main financial results for 2021, according to IFRS and RAS

IFRS results

Total operating and financial income for 2021 was 13.2 bln rubles. Compared to 2020, it had decreased by 24%. This was caused by the revaluation of shares of public companies in the holding's portfolio.

The income from leasing activity in 2021 amounted to RUB 17.5 bln; from insurance activity, to RUB 2.4 bln; from game service activity, to RUB 132.4 mln.



The assets of the SFI investment holding decreased from RUB 425.8 bln to RUB 217.3 bln. A significant decrease in this indicator is mainly due to the sale of the Safmar private pension fund to Region Group in March 2021, as well as the sale of another private pension fund, Mospromstroy-Fund, to the Russian Funds investment group in September 2021. Those of the pension funds' assets that were relevant to compulsory pension insurance and non-state pension plans were accounted for within the assets of PJSC SFI. After the sale of the funds, they were transferred to the funds' new owners.

RAS results

The 2021 revenue of PJSC SFI according to Russian Accounting Standards (RAS) amounted to RUB 56.4 bln, seven times higher than in 2020. The sale of a number of assets in 2021 contributed to the indicator's significant growth. The company also counted the dividends and interest income received as part of revenue, which influenced the indicator's positive year-on-year dynamics.

Gross profit in 2021 decreased from RUB 7.9 bln to RUB 5.4 bln, mainly due to a lower dividend flow. Net loss according to RAS amounted to RUB 4 bln against RUB 5.6 bln a year earlier. The loss in 2021 RAS reporting was caused by the revaluation of public company shares in the SFI holding's portfolio.

100%

SFI share

Private assets

Europlan leasing company



JSC LC Europlan has been leading in the car leasing market in Russia for many years, ranking among the top 15 car leasing companies in Europe. The company has been operating since 1999 and leases all types of cars and special vehicles, providing a full range of services for their operation.

Europlan mainly provides financial leasing services for cars and other vehicles. It leases vehicles to Russian companies and entrepreneurs at its 83 offices throughout Russia. The company employs more than 2,500 people.

In 2021, Europlan purchased and leased cars and other vehicles to Russian entrepreneurs for a total amount of RUB 182 bln (growth by 65% compared with 2020) under more than 52,000 contracts. All types of transport showed outstanding growth: +92% for trucks, +85% for special vehicles, and +41% for passenger cars. The company expanded its leasing portfolio, and the amount of leasing payments received in 2021 reached RUB 106.2 bln, which exceeded the similar value for 2020 by 35%.



RUB 182 BLN

total amount for which Europlan purchased and leased cars and other vehicles to Russian entrepreneurs

Market overview

Car leasing market

In comparison with other segments of the leasing market, car leasing has far fewer lessees and lessors and experiences less transaction involvement on the part of large financial and industrial groups. However, we should note the trend towards consolidating more than 90% of business in the portfolio of 20 major companies, which has persisted over the recent years. In addition, car leasing is characterized by the conclusion of multiple contracts, a high level of financial service standardization, the high liquidity of leased assets, and lower average transaction values.

In 2021, the leasing industry experienced a positive trend. Car leasing showed the main growth (+69%). Against the background of a shortage of cars and the increase in their cost in 2021, the key driver of car leasing was the growing demand from small and medium-sized businesses, whose share increased from 58% to 65% (in the volume of new business) over the course of the year.

The second segment where volume in absolute terms increased significantly was the leasing of construction vehicles (+91% over the previous year).

An acute shortage of automotive components led to a shortage of cars on the market. The ensuing price increase

affected both market for buying and selling cars and the car leasing industry. Expectations of further price increases have, in part, shaped the consumers' increased interest in leasing products.

Industry research by JSC KPMG points to the following drivers and barriers that may affect the further development of the car leasing market in Russia.

Drivers:

- Development of operating leasing/car subscription services;
- Digitalization of the leasing business;
- Development of the "car-as-a-service" approach.

Barriers:

- The Russian consumer's preference for owning items as property;
- No VAT refund for individuals;
- Low financial literacy of potential customers;
- Lack of active marketing for existing leasing products.

ESG AGENDA.

Read more about Europlan's initiatives regarding the development of social responsibility and care for the environment on

page 82

Europlan in figures^[1]

RUB 145 BLN
leasing portfolio

RUB 8.7 BLN
net profit

124,000
customers

96,000
active leasing contracts

83 OFFICES
across Russia

85%
of clients recommend Europlan

[1] As of December 31, 2021.

[europlan.ru]



Europlan's position in the car leasing market

Despite the presence of more than 300 lessors in the leasing industry, most of them carry out a relatively small number of transactions per year. Overall, Europlan ranks among the largest companies in the industry in terms of the number of transactions, which is an indicator that most accurately reflects the effectiveness of client base interactions and the “marketability” of a leasing company. Europlan's confident leadership in the car leasing market is shaped by its industry expertise and an extensive loyal client base, accumulated since its founding in 1999.

The largest leasing companies by the number of transactions

According to Expert RA.

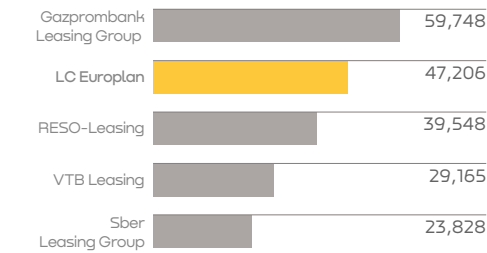
Position	Company name	Number of new contracts signed in the nine months of 2021	Number of new contracts signed in 2020	Number of new contracts signed in 2019
1	LC Europlan	37,920	52,347	38,185
2	Forward Leasing	33,642	27,238	—
3	Gazprombank Leasing Group	30,383	19,530	4,833
Total for the market		298,455	305,356	253,271

Expert RA's rankings of Russia's largest lessors by volume of new business in the passenger car and truck segments allow for an approximation of the progress made by the largest companies in the industry in 2021. For the nine months of 2021, the Company's total volume of new business exceeded RUB 89 bln, allowing it to keep the leading position in the car leasing industry.

The information shown in the tables below characterizes the key performance indicators of the Company and its main competitors for the most relevant reporting period.

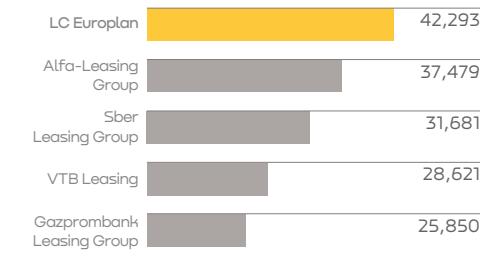
The largest lessors in the passenger car segment [RUB mln]

According to Expert RA.



The largest lessors in the truck segment [RUB mln]

According to Expert RA.



Thus, the Company is in the confident lead in the car leasing segment.

Europlan's strategy and development plans

Europlan aims to comprehensively develop its core business and maintain leadership in the Russian car leasing market, which combines high growth rates with operational efficiency and financial stability. Car leasing transactions for large businesses and SMEs remain Europlan's target segment.

The development of the leasing business is strategically implemented in the following areas:

DEVELOPMENT OF FINANCIAL LEASING
for motor transport as the core of the product line

DEVELOPMENT OF ADDITIONAL SERVICES
for the client's fleet

DEVELOPMENT OF OPERATIONAL LEASING
for passenger cars

DEVELOPMENT OF SUPPLY CHANNELS AND SALES
of car leasing services

IMPROVEMENT OF THE ACCOUNTING AND REPORTING SYSTEM

IMPROVEMENT OF CUSTOMER SERVICE QUALITY

DEVELOPMENT OF THE RISK MANAGEMENT SYSTEM

DEVELOPMENT OF BUSINESS PARTNERSHIPS

DIVERSIFICATION OF FUNDING

STAFF DEVELOPMENT
(vetting, training, motivation, assessment) and labor improvement through automating business processes

A quality client base is a platform for further growth. It includes more than 124,000 current customers and about 2.8 mln potential customers. Thanks to a special approach to customers with added value, Europlan has achieved high levels of customer satisfaction and NPS and a high percentage of customer retention. Repeat customers are the main channel for deploying new business. The portfolio represents all types of private businesses and their industries, with one common characteristic: they pay on time and according to the lease payment schedule both in stable and difficult times and their commitment has been confirmed over several economic cycles.

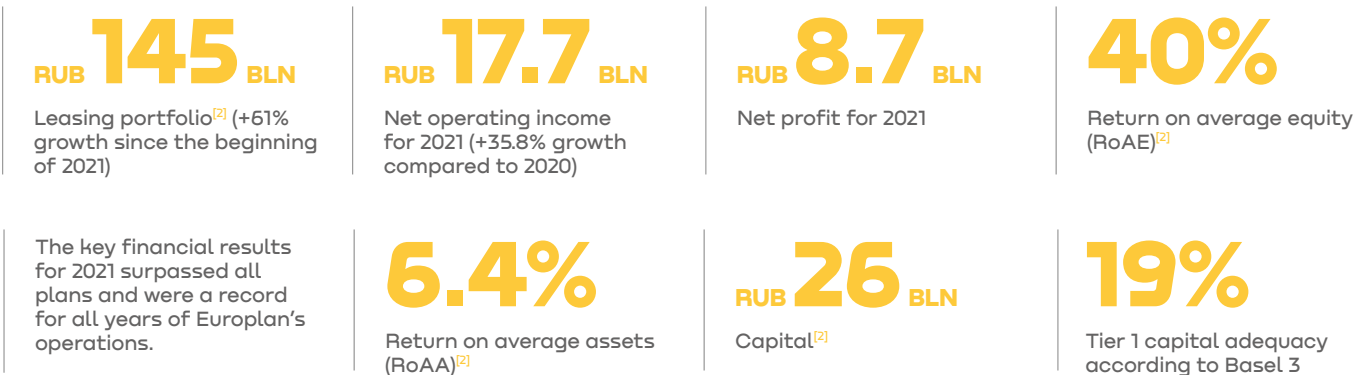
A quality client base includes more than

124,000

current customers and about 2.8 mln potential customers

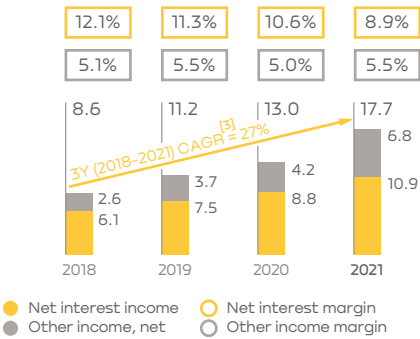
Financial results for 2021

The leasing segment's financial highlights for 2021^[1]

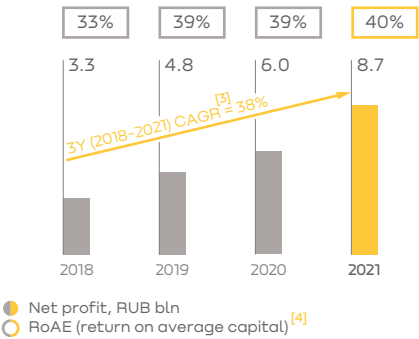


Europlan owes its impressive business performance to a high interest margin of 8.9% in 2021, a growing share of non-interest income in operating income with effective control of operating expenses, and a low (merely 0.17%) cost of risk. When put together, all of this makes it possible to sustain a target return on equity at more than 20% ROE.

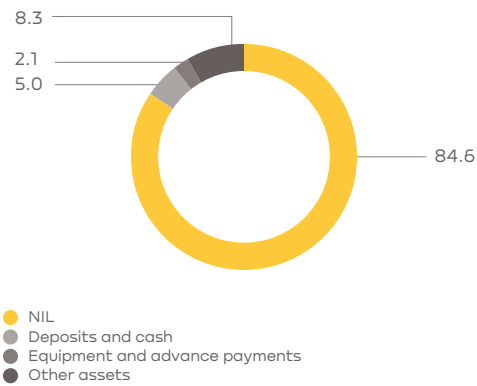
Dynamics of operating income [RUB bln]



Return on average capital [%]



Structure of Europlan assets^[2]



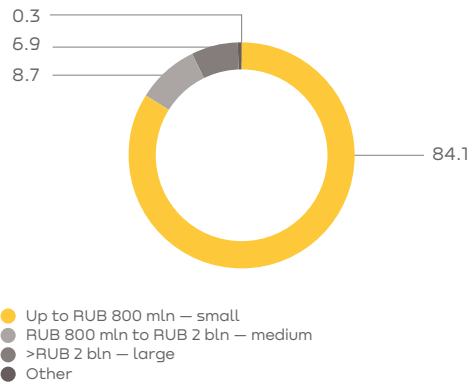
As of December 31, 2021, nearly 90% (~85%) of Europlan's assets were represented by its high-quality leasing portfolio (net investment in leases, or NIL), and 5% were represented by deposits and cash in banks.

^[1] According to the IFRS consolidated financial statements for 2021.
^[2] At December 31, 2021.
^[3] CAGR – compound annual growth rate over three years (2018–2021).
^[4] RoAE is calculated as the ratio of net income for the period to the average equity for the same period.

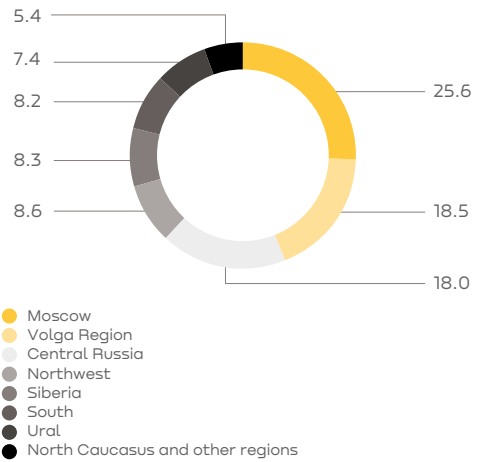
Structure of Europlan's leasing portfolio^[3]

Europlan's leasing portfolio is diversified across lessees, regions, industries, types of leased assets, suppliers, sales channels, brands, and insurers. As of December 31, 2021, the aggregate amount for the largest 50 lessees was 8% of net investment in leases (NIL) before the allowance for impairment.

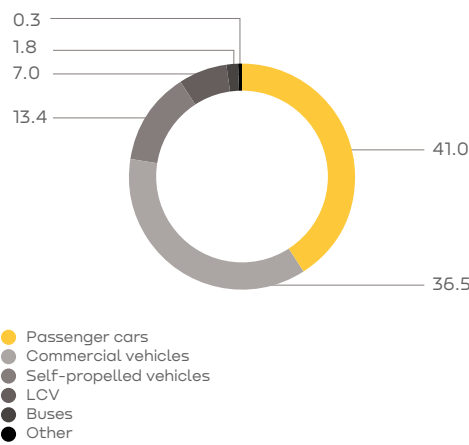
for lessees, sorted by annual revenue^[1] [%]



sorted by federal districts^[1] [%]



sorted by types of leased assets^[1] [%]



In 2021, the largest share in the leasing portfolio structure was occupied by the most liquid property – passenger cars (41%) – followed by commercial vehicles (MCV, and HCV trucks; trailers) with a 36.6% share. Self-propelled vehicles made up 13.4 % of the portfolio, LCV – 7%, while buses made up 1.8 % and other property – 0.3 %.

^[1] At December 31, 2021.

49%

SFI share

Private assets

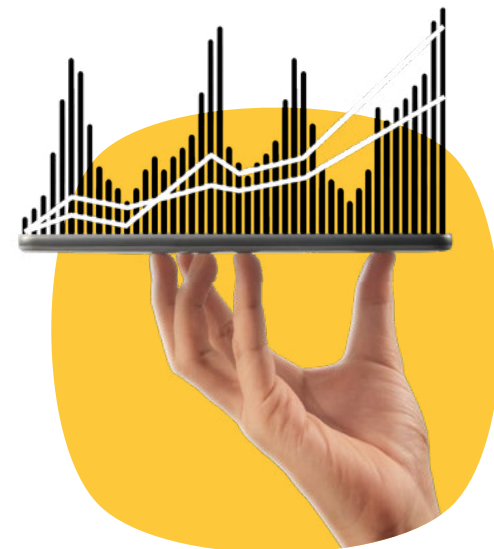
VSK Insurance House



VSK Insurance House has been operating in the market since 1992. It is a diversified insurance company that provides services to individuals and legal entities throughout Russia. The company consistently ranks among the country's top 10 insurers in terms of premiums in the major insurance market segments: car insurance, accident and illness insurance, and voluntary medical insurance.

To date, more than 33 mln people and 500,000 organizations have employed VSK's products and services. The company's regional network has more than 500 offices in all regions of Russia, making it possible to effectively support insurance contracts throughout the country.

VSK is No. 8 in the Russian insurance market in terms of insurance collections by all types of insurance and No. 6 in terms of insurance collections in Russia excluding life insurance companies.



№ 6

in terms of insurance collections in Russia excluding life insurance companies and No. 8 in the Russian insurance market in terms of insurance collections by all types of insurance

Market overview

In 2021, the Russian insurance market accelerated its growth against the backdrop of economic recovery. The quarterly dynamics showed positive growth rates throughout the year. The volume of premiums increased in all major segments of the insurance market.

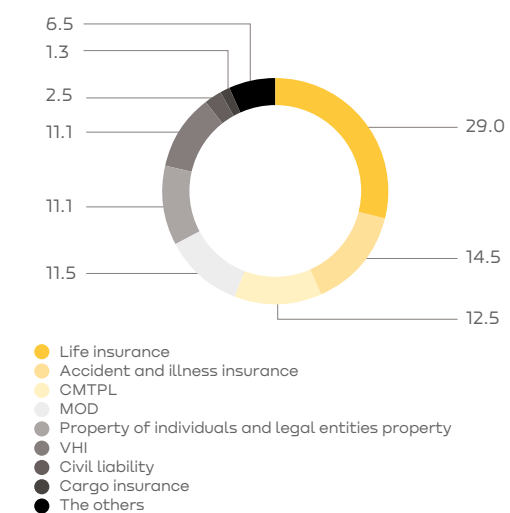
The key factors that had a significant impact on the dynamics of the insurance market in 2021 were the increased interest in endowment and investment life insurance; the growth of the casco insurance segment; the growth of credit life insurance premiums due to the increase in mortgage and consumer lending to individuals; and the demand for corporate voluntary health insurance (VHI) programs.

The volume of the insurance market reached RUB 1.808.3 bln, having increased by 17.5%. At the same time, the growth of the insurance market (non-life market) was 15.9%, with the exclusion of the life insurance segment.

In 2021, insurance companies continued to digitize key processes and switch to the online mode of work. The insurance market has an ongoing process of consolidation, with the number of companies operating in the market continuing to decline steadily. There are currently 136 registered insurers

in Russia, during the year their number decreased by 11 players. The reasons behind companies leaving the market were non-compliance with the regulator's requirements for the financial stability of insurance companies, bankruptcy, and voluntary abandonment of insurance activities. At the end of 2021, the share of the ten largest companies in the insurance market was 72.5%.

Insurance market structure in 2021 [%]



ESG AGENDA.

Read more about VSK initiatives regarding the charity and development of personnel on

Page 83

VSK in figures^[1]

>200

insurance services

>500,000

rate clients

>33

MLN

individual clients

>500

offices across Russia, with branches in every subject of the Russian Federation

>13,500

insurance agents

30

YEARS

in the national insurance market

[1] At December 31, 2021.



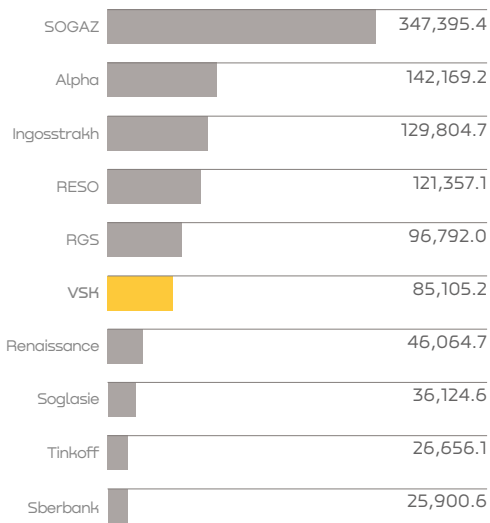
[vsk.ru]



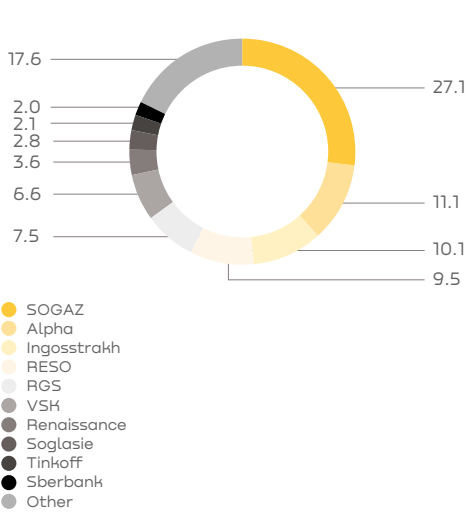
VSK positions in the insurance market

VSK Insurance House steadily ranks among the ten largest insurers of the Russian Federation in all the key types of insurance. Its market share is 4.7%, taking 6th place in the non-life market (excluding life insurers) with a market share of 6.6%. In addition, VSK is one of the top 5 insurers in car insurance with an 8.0% and 11.2% share in the CMTPL and casco segments, respectively.

Leaders of the insurance market in collections excluding life insurance companies in 2021^[1] [RUB mln]

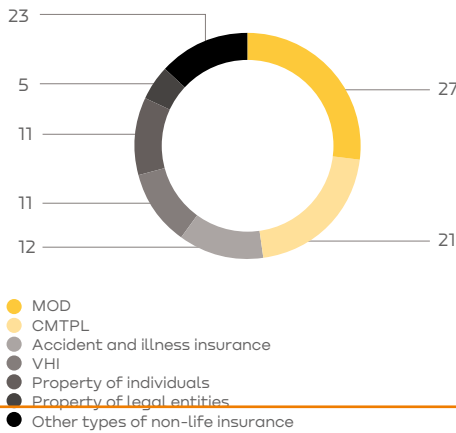


Market share of the key players, excluding life insurance companies in 2021^[1] [%]

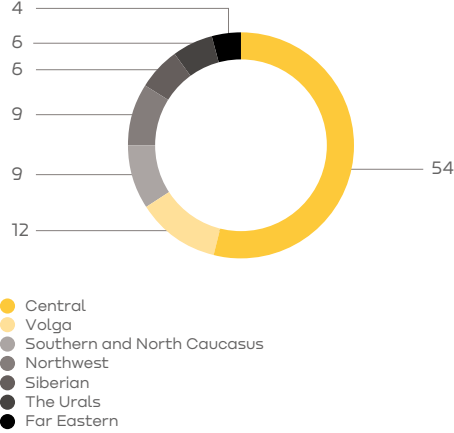


VSK Insurance House insurance portfolio structure

by all types of insurance [%]



by federal districts [%]



[1] Data provided by the Central Bank of Russia.

Strategy and development plans of VSK Insurance House

VSK development strategic goals:



AN INFORMED CHOICE COMPANY FOR CUSTOMERS

The best offers and services for customers in both risk protection and day-to-day needs



THE BEST INSURANCE COMPANY FOR AGENTS AND PARTNERS

Assistance in the business development of agents and partners is the foundation for the growth and stability of the VSK business



A COMPANY THAT ACHIEVES GROWTH AND EFFICIENCY WITH THE HELP OF TECHNOLOGY

A continuous search for innovation and implementation of new technologies; digitalization of interaction with customers, work with partners, and internal processes



A TEAM THAT ACHIEVES OUTSTANDING RESULTS

A team of caring people where everyone can realize themselves and achieve outstanding results together with the company



PROFITABLE GROWTH

An increase of the VSK share in the insurance market while maintaining profitability as an indicator of a responsible attitude to insurance protection of clients and investors' interests

In 2021, VSK Insurance House continued to implement its three-year development strategy, which implies:

The level of the combined loss ratio not exceeding

97%

The NPS rate increasing up to

50%

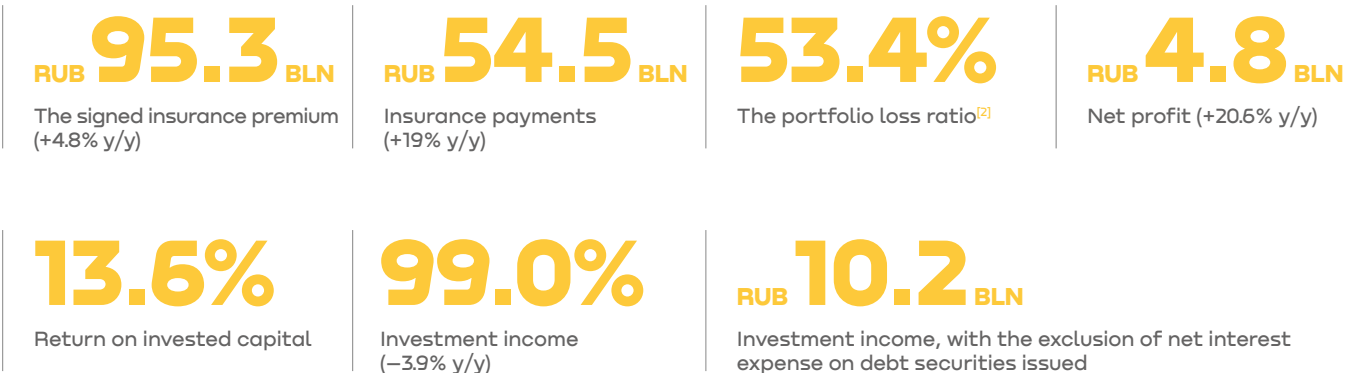
The employee engagement index reaching over

77%

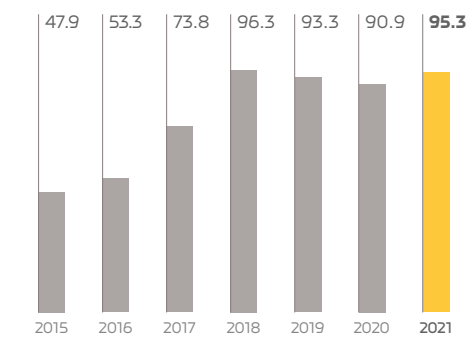
Financial results for 2021^[1]

Key financial indicators, according to IFRS^[1]

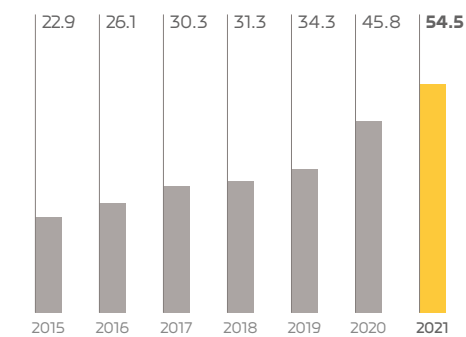
At the end of 2021 VSH Group demonstrated sustainable development.



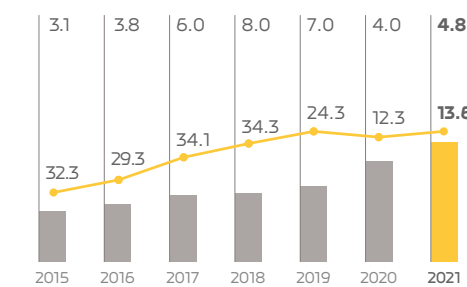
Signed insurance premium
[RUB bln]



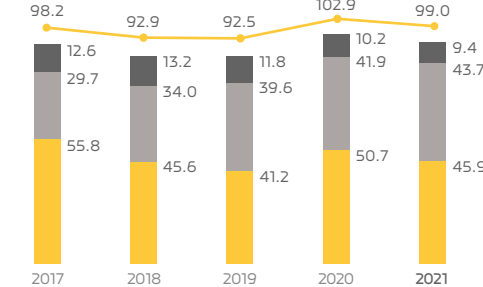
Insurance payments
[RUB bln]



Dynamics of net profit and return
on equity



Combined ratio
[%]

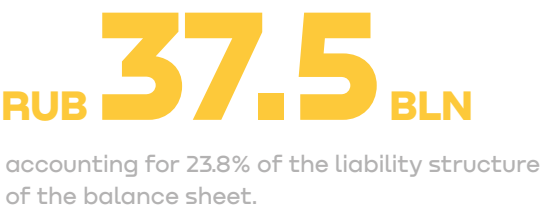


[1] The consolidated financial statements of VSH Group for 2021 reflect the results of the activities of the following subsidiaries: LLC IC Interi (former SH Europlan), LLC VSH – Liniya Zhizni, LLC BIN Insurance (until 06.2021), LLC VSH-Miloserdnye, BG SINHRO JSC. The full version of the consolidated financial statements of IJSC VSH according to IFRS for the year 2021 is available at: https://www.vsk.ru/about/today/financial_report/.

[2] The portfolio loss ratio, the main indicator characterizing the quality of the insurance portfolio and reinsurance protection, as well as the reasonableness of the applied tariffs.

Capital

At the end of 2021, the equity capital of VSH Group exceeded



According to the results of 2021, the capital is structurally distributed as follows:

- revalued authorized capital according to IFRS – RUB 12.4 bln (33.0% of the equity capital);
- retained earnings and other reserves – RUB 23.1 bln (61.7% of the equity capital).

Insurance reserves

The structure and volumes of insurance reserves adequately reflect the insurance liabilities of VSH Group. The volume of insurance reserves amounts to



According to the results of 2021, insurance reserves structurally look as follows:

- unearned premium reserve – RUB 52.1 bln (49.6% of the insurance reserve amount);
- loss reserves – RUB 21.1 bln (20.1%);
- life insurance reserves – RUB 31.8 bln (30.3%).



10.4%

SFI share

Public assets

M.Video-Eldorado retailer

M.VideoEldorado

M.Video-Eldorado Group (M.Video PJSC) is a leading Russian company in the field of e-commerce and electronics/household appliances retail, which combines the M.Video and Eldorado brands. M.Video-Eldorado Group is the only Russian company in the electronics retail market whose actions are in traction in the stock market (MOEX: MVID).

It is one of the most technological retailers in Russia. To fully meet the demand of its customers, vendors, and partners, the group is developing a hybrid business model based on a combination of online business and mobile technologies, with an extensive network of stores and a strong logistics infrastructure.

Websites, mobile applications, and physical stores are combined within the OneRetail technology stack, complementing each other and significantly enriching the customer experience.

By the end of 2021, M.Video-Eldorado Group's level of digital maturity reached 62%, a figure above average in the retail market. The company has implemented a product approach as part of its



development of IT products and formed more than 60 product teams in all key areas of customer and partner relations.

Market overview

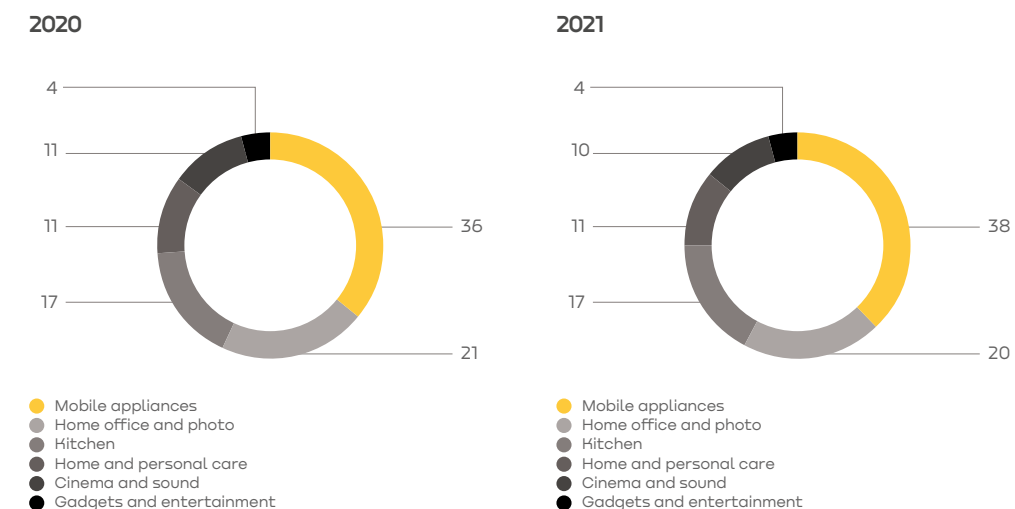
RUB 2.3 TRLN

size of the Russian household appliances and electronics market in 2021 ^[3]

In 2021, the market grew by 15%. The most significant growth could be seen in the segments of household goods and personal care (washing machines and dryers, vacuum cleaners and other small household appliances, beauty and health products) — +23%, mobile appliances — +23%, kitchen appliances — +17%.

M.Video-Eldorado Group is one of the leading players in the Russian retail market of electronics/household appliances

Shares of the main segments in the HAE market in Russia, 2020–2021 [%]



M.Video-Eldorado in numbers

RUB 570.7 BLN

gross merchandise value (GMV) (VAT included), total online sales — 68% of GMV ^[1]

185 THOUS.

total number of electronics/household appliances models presented on the online platforms and in stores ^[2]

19.7 MLN

total number of identified active customers ^[2]

1,258

stores under M.Video and Eldorado brands in 371 cities in Russia ^[2]

2,147 THOUS. SQ. M

total fulfilment area ^[2]

^[1] For 2021.
^[2] For December 31, 2021.
^[3] Data source — GfK.

ESG AGENDA.

Read more about M.Video-Eldorado's initiatives regarding the development of social responsibility and care for the environment on

Page 84



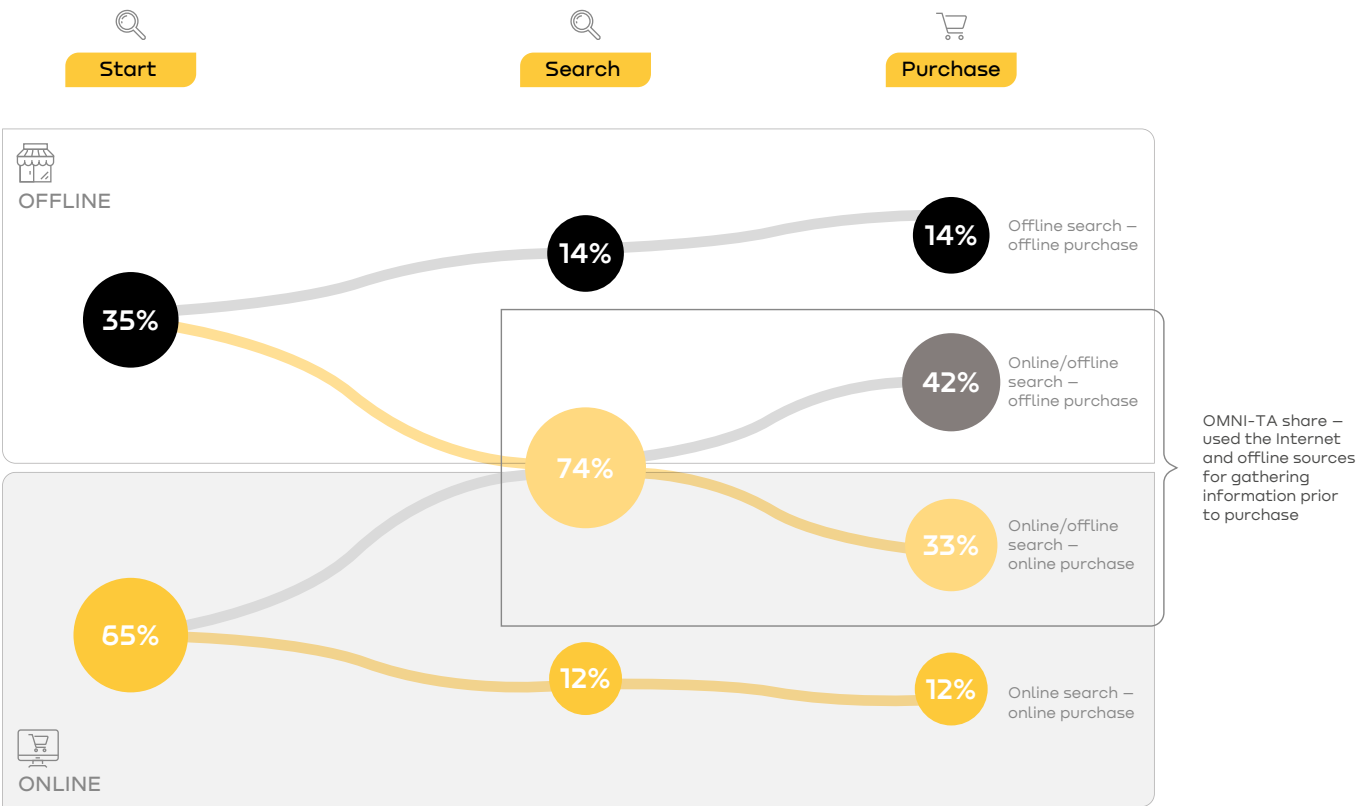
[mvideoeldorado.ru/en/]



With the active growth of online formats, stores and omnichannel models remain the main channels for the purchase of equipment and electronics. In 2021, 55% of the total sales of the electronics/household appliances market were offline, and 45% were online. This ratio remained almost at the 2020 level when online sales both in Russia and in the world skyrocketed against the background of the pandemic and the remote lifestyle. According to market research conducted by IRC LLC, in 2021, the share of Russian consumers who use both online and offline channels before buying household appliances and electronics was high – 74%, while only 12% of all buyers made purchases exclusively via the Internet without any interaction with the traditional channel, meaning that 88% of buyers interact with offline stores in one way or another.

This means that in the electronics/household appliances market, hybrid business models have an advantage over purely online formats since they better meet the needs of customers in the field of service and access to goods. Due to the organic combination of online and physical stores, M.Video-Eldorado offers customers the opportunity to interact with the company in a flexible way and take advantage of both formats.

Seamless online and offline integration –
a key strategy in the fight for the customer



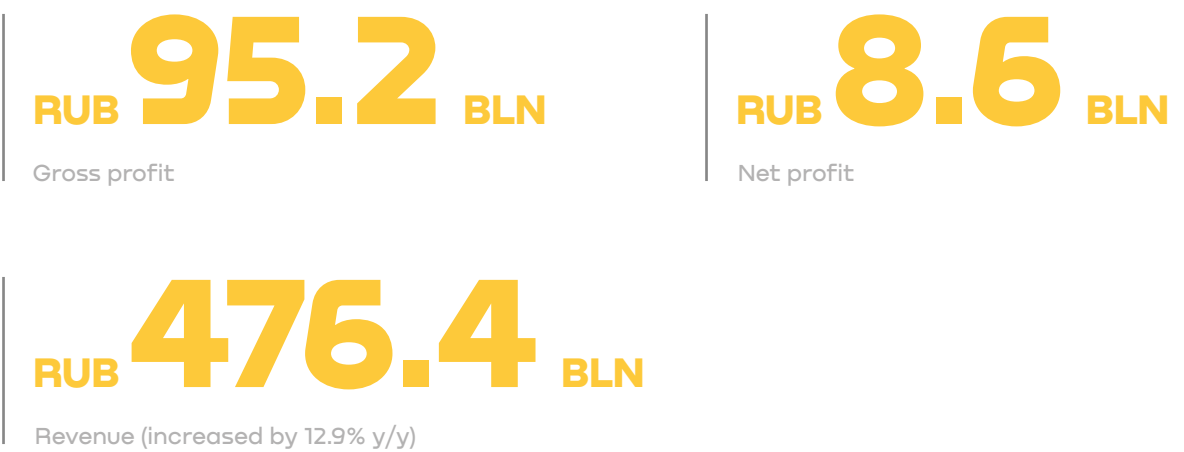
The M.Video-Eldorado Group strategy, as well as the business model combining the online and offline sales channels within a single mobile platform,

is based on the needs of customers and aims at augmenting the market share and creating competitive advantages through the development of the best experience at all stages of interaction – searching and choosing goods, making purchases, and receiving goods.

The Group intends to scale its advantages and maximize the effectiveness of the OneRetail technologies at each stage of the customer path relying on its key competitive advantages:

- innovative technologies;
- efficient logistics;
- strong retail brands;
- and team involvement.

Financial and operational results for 2021



The EBITDA adj (1) of M.Video-Eldorado reached RUB 17.4 bln, while the adjusted EBITDA margin was 3.7%.

In 2021, M.Video-Eldorado paid interim dividends in the amount of RUB 6.3 bln, or RUB 35 per an ordinary share of M.Video PJSC.

The Group’s total sales increased by 13.1% to RUB 570.7 bln (VAT included). The Group’s total online sales increased almost threefold to RUB 386.9 bln (VAT included). Installations of the M.Video-Eldorado mobile user applications reached approximately 30 mln, an increase of 3.8 times compared to last year. In 2021, M.Video-Eldorado opened 184 new stores and entered 92 new cities.

11.2%

SFI share

Public assets

RussNeft oil company



RussNeft is in the top 10 companies by volume oil production in the country. Founded in 2002, it is the only major oil company in Russia that was established as a result of market assets consolidation and not through privatization. In November 2016, its ordinary shares were publicly offered on the Moscow Stock Exchange.

RussNeft's business model focuses on the upstream segment: the company prioritizes exploration, production, and sales of hydrocarbons. The company invests in projects with the highest invested capital return and reduces costs by switching to advanced technology and sound engineering and economic solutions.

RussNeft has a balanced portfolio of assets in the key oil and gas regions: the Volga Region, Central and Western Siberia. The company participates in oil development and production projects in the Republic of Azerbaijan.

RussNeft's portfolio of assets includes mature fields and assets at an early stage of development with considerable potential for production growth. The volume of reserves under the international classification (SPE-PRMS) by the 2P category is 210 mln tons. Oil reserves under the Russian



classification (categories AB1C1+B2C2) amount to 634 mln tons. After the collapse of world oil prices in 2021, the company was able to restore its financial and economic indicators and return them to the pre-crisis levels by repaying part of its trade finance.

RussNeft in numbers^[1]

RUB 32.7 BLN
net profit

RUB 269.4 BLN
revenue

634 MLN TONS
oil reserves under the Russian classification

210 MLN TONS
oil reserves under the international classification

120
number of fields

108
licenses for field development

[1] As of December 31, 2021.

Market overview

For the oil market, 2021 was a period of recovery. The positive dynamics were influenced by the mass vaccination against COVID-19, the relative recovery of air travel and tourism, the absence of large-scale restrictions on the global economy in 2021 (as compared to 2020), and the gradual recovery of oil demand. Regulation of the oil market by OPEC+ was also one of the most important drivers of oil prices in 2021.

Last year's results for the oil market were optimistic: the Brent price rose by 38.7% over the year, and the WTI price grew by 42.7%. The price of Russian oil reached a three-year high in 2021. The average price of the Urals oil in 2021 reached USD 69 per barrel.

In 2021, the volume of oil and gas condensate production in Russia increased by 2.2% (as compared to 2020), amounting to

524 MLN TONS^[1]

2021 financial and operating results

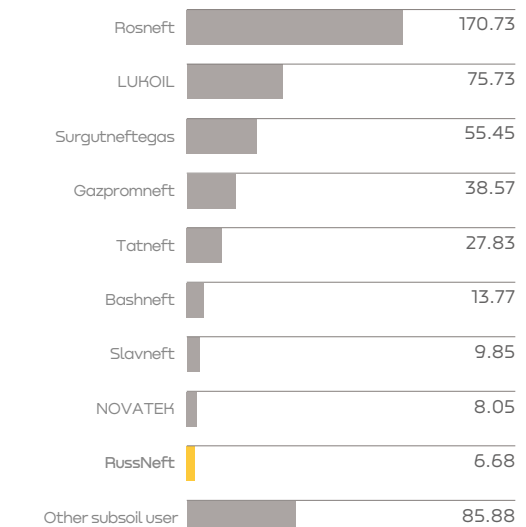
RussNeft Group's profits (according to IFRS)

The profit attributable to the RussNeft shareholders measures RUB 32.7 bln against the loss of RUB 23 bln in the year before. The company's revenues more than doubled (RUB 269.37 bln) during the reporting period. The gross profit increased 2.9 times up to RUB 76.72 bln.

Operating profit reached RUB 57.99 bln against the loss of RUB 19.86 bln the year before.

In 2021, the company produced a total of 6.2 mln tons of oil and 1.8 bln cubic meters of natural gas.

Volumes of oil and gas condensate production in Russian Federation in 2021 by the largest companies [mln tons]



Average daily production reached 10.52 mln barrels. In 2021, the exports of Russian oil to non-CIS countries totaled at 214.4 mln tons – 2.2% lower than in 2020. The exports of Russian oil to CIS countries were reduced by 19.9% – up to 10.7 mln tons.

ESG AGENDA.

Read more about RussNeft's initiatives regarding the development of social responsibility and care for the environment on

page 84

Projected growth RussNeft in 2022

In 2022, the company expects to increase its oil production up to 6.8 mln tons. A total of RUB 22.7 bln is planned for investments; most of it will be spent on drilling. RussNeft plans to build 100 new wells, which will provide extra oil production in the amount of 635,000 tons.

[1] Data of the Central Dispatch Administration of the Fuel and Energy Complex, CDA FEC <https://www.interfax.ru/business/813696>.



[russneft.ru]



51%

SFI share

GFN.RU gaming service



GFN.RU is a cloud gaming service and NVIDIA's exclusive partner in the development of the GeForce NOW service in Russia and the CIS. It helps run resource-intensive games on almost any non-gaming computer, TV, or smartphone powered by Windows, macOS, Android, or iOS.

The service was created in 2019. SFI entered the GFN.RU asset in the spring of 2021.

GFN.RU is currently compatible with the largest game marketplace platforms and can launch games directly from the library on Steam, EGS, Ubisoft Connect, and others. There are over 1,000 games in GFN.RU's catalog already. They are stored on powerful servers and launched from the cloud. An instant connection is ensured by four server clusters: two in Moscow, one in Yekaterinburg, and one in Novosibirsk. About a million and a half gamers have tried out the service to date. GFN.RU maintains strong partnerships with Rostelecom, M.Video-Eldorado, MTS, VTB, and Sber.

Number of users of the GFN.RU doubled in 2021 to 1.4 mln, game time increased from 1.1 bln minutes to 1.3 bln minutes. In 2021, GFN.RU, together with Rostelecom, launched a new server cluster in Novosibirsk.

The number of clusters throughout Russia has grown to 4, connection quality for residents Siberia has improved significantly.



Cloud gaming market overview

In 2021, PwC and GFN.RU presented a joint study of the Russian cloud gaming market^[1]. As part of the study, PwC and GFN.RU experts assessed the volume of the Russian market and identified its main drivers and trends for the very first time.

Cloud gaming technology has been around for about 20 years, says the PwC study, but its development did not become this intense until very recently. The pandemic turned into the trigger for the skyrocketing development of cloud gaming services, as people who were forced to sit in self-isolation started looking for ways to relax, have fun, and communicate, and found them on such services.

According to experts' findings, the volume of the Russian cloud gaming market in 2020 amounted to USD 4.6 mln.

In a baseline scenario, the market volume will reach USD 68 mln by 2024, while the average annual growth rate for the same period is expected to hit 94%. However, this prognosis does not account for the geopolitical perturbations of early 2022. It is currently impossible to make a more precise prediction.

There are several players in the Russian cloud gaming market: the niche Loudplay, PlayCloud, PowerCloudGame, Megadrom, Drova, and more. Telecom providers also express an interest in the segment through partner models.

In 2021, Mail.ru Group acquired the Playkey service, and Sberbank launched Sberplay, based on the SberBox console. It is currently difficult to say which participants have which market shares in terms of financial and operational parameters.

GFN.RU's strategy and development plans

The main strategic aim of the GFN.RU service is to make PC gaming accessible to everyone. To achieve this, the GFN.RU team is constantly working on optimizing the service infrastructure and developing relationships with partners, such as telecom providers. In the future, GFN.RU seeks to continue expanding and bolstering its capabilities. It has plans to connect with the best providers, install

new servers to increase service power and capacity, add more games to its catalog, and optimize the service for new devices and operating systems.

Having reached operational payback in 2021, GFN.RU is gradually transforming from a fast-growing startup into a prominent player in the Russian gaming industry.

GFN.RU in figures

1.4 MLN
users

>300
game publishers

>1,000
games

25 CENTURIES
time played in 2021

RUB 300 MLN
normalized revenue for 2021

^[1] The study can be found at https://www.pwc.ru/ru/publications/cloud-gaming/gaming_2021.pdf.

ESG AGENDA.

Read more about GFN.RU approaches to the development of personnel and care for the environment on

page 83



[gfn.ru]





3

Corporate governance report



Basic principles of corporate governance

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 its own 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.

Page 102

The assessment results are described in the Report on Compliance with the Principles and Recommendations of the Corporate Governance Code (See Appendix 1 to this Annual Report).

SFI has built an effective system of corporate governance,

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.

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



Latest version of the Chapter and Issuer's report also available on:

[the Company's website]



[Corporate Disclosure Centre's website]

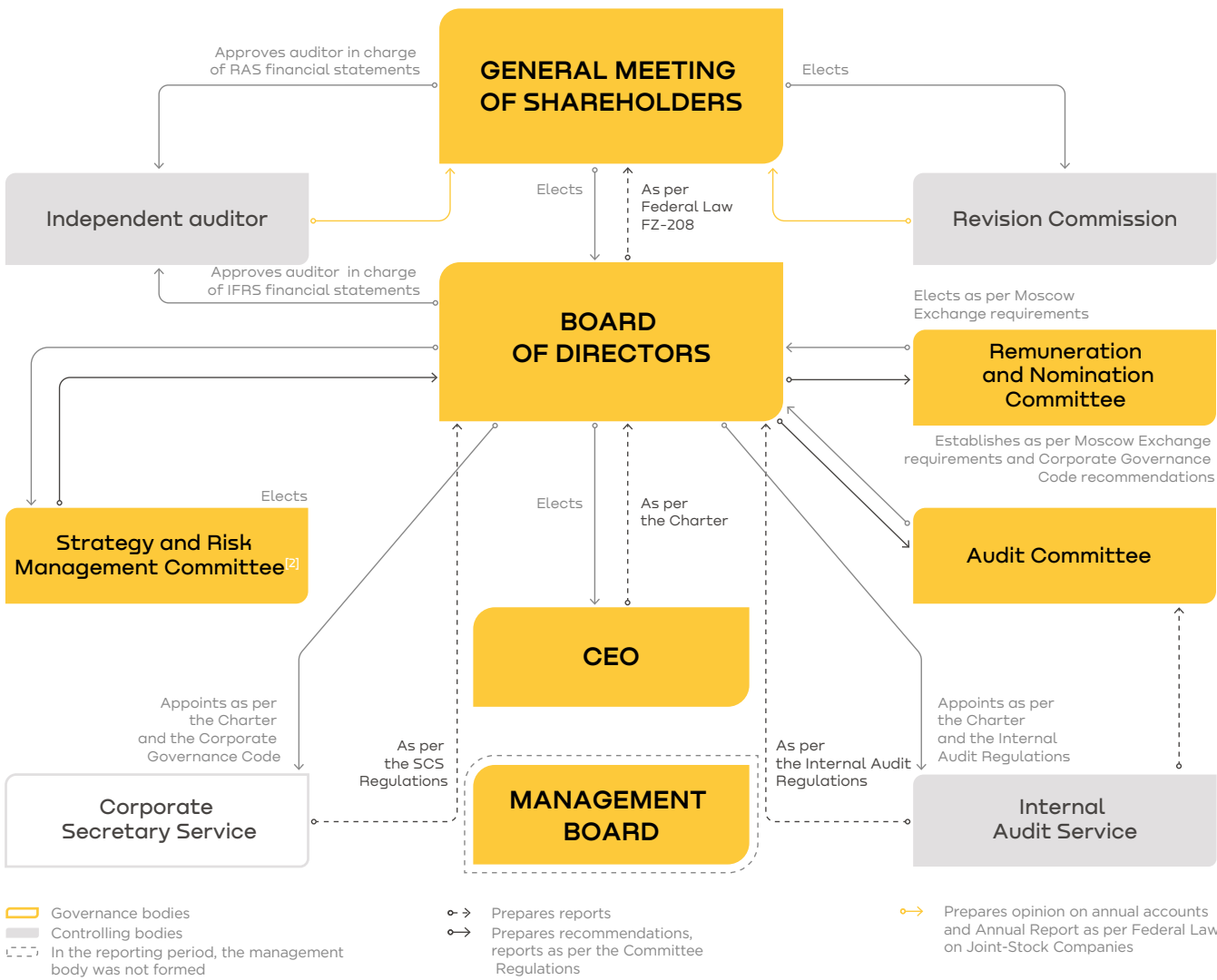


In accordance with the PJSC "SFI" Charter, the management bodies are the General Meeting of Shareholders and the Board of Directors.

The executive bodies of PJSC "SFI" are the Management Board (the collegial executive body)^[1] and the CEO (the Sole Executive Body).

The powers of the management bodies and executive bodies are specified in the Charter and Issuer reports.

The PJSC "SFI" corporate governance structure^[2]



^[1] In the reporting year, the Management Board was not formed.
^[2] As of December 31, 2021.

General meeting of shareholders

Underlying principles

Pursuant to Federal Law No. 208-FZ dated December 26, 1995 "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 3). 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]



8 THE GENERAL MEETINGS OF SFI'S SHAREHOLDERS were held in 2021

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

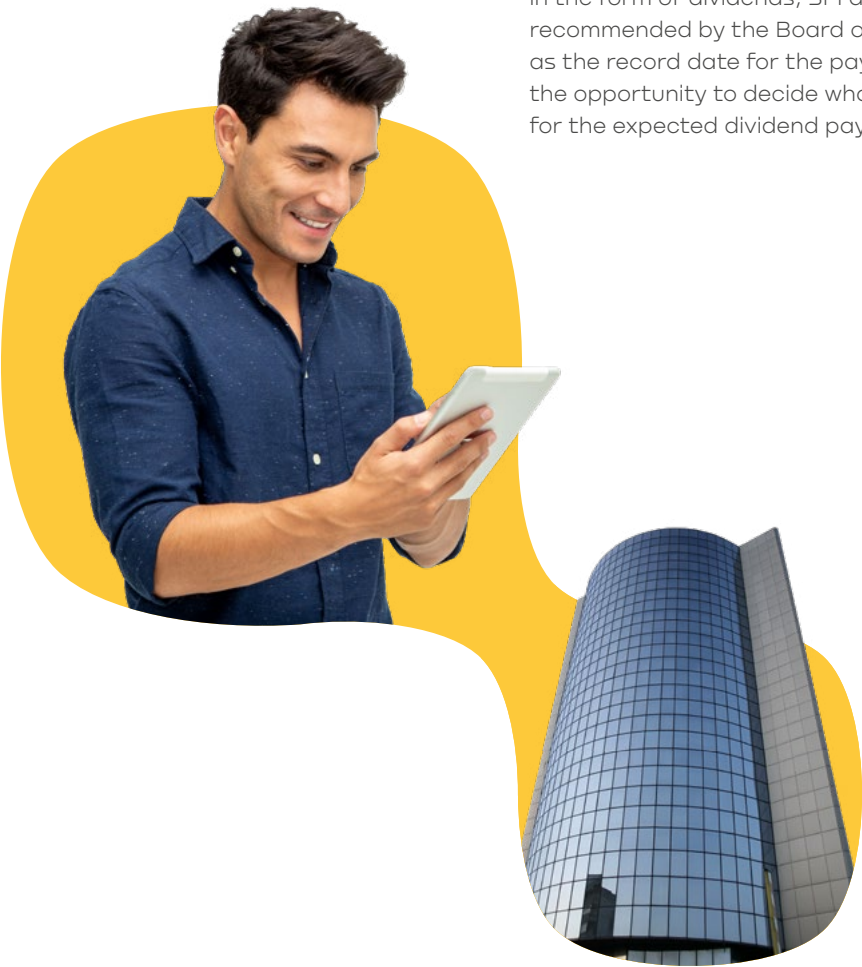
Shareholders with substantial shareholdings (at least 2% of the authorized capital) may propose items for the agenda of the General Meeting of Shareholders and nominate candidates to the management and control bodies. Shareholders that hold 10% or more of the Company's voting shares also have the right 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 required to provide under the Law "On Joint-Stock Companies." In order to exercise this right, shareholders need to request access to the relevant documents in writing. After the time of granting access is agreed upon, the required documents will be provided to the shareholders.

Dividends

In order to observe the shareholder's right to participate in profits in the form of dividends, SFI declares the amount of the dividends recommended by the Board of Directors in advance, as well as the record date for the payout. Thus, shareholders have the opportunity to decide what to do with their shares while accounting for the expected dividend payments.



General Meetings of Shareholders held in 2021

Type	Date	Agenda	Adopted decisions
Extraordinary	January 20, 2021	1. Consent to, and subsequent approval of a major related-party transaction (interrelated transactions). 2. Consent to a major related-party transaction (interrelated transactions)	[Link to material disclosures] 
Extraordinary	March 26, 2021	1. Consent to, and subsequent approval of a major related-party transaction (interrelated transactions). 2. Consent to the Company's execution of a major transaction (interrelated transactions) with property worth more than 25%, but not more than 50%, of the book value of the Company's assets.	[Link to material disclosures] 
Extraordinary	May 5, 2021	1. Consent to, and subsequent approval of a major related-party transaction	[Link to material disclosures] 
Annual	June 23, 2021	1. Distribution of profits, including payment (declaration) of dividends, and losses for 2020. 2. Election of members of the Board of Directors. 3. Election of the Company's Revision Commission. 4. Approval of the Company's Auditor responsible for the audit of the Company's 2021 accounting (financial) statements prepared in accordance with the Russian Accounting Standards (RAS).	[Link to material disclosures] 
Extraordinary	July 28, 2021	1. Consent to the subsequent approval of a related-party transaction involving the sale of more than two percent of the Company's previously placed ordinary shares	[Link to material disclosures] 
Extraordinary	August 24, 2021	1. Approval of the new version of the Company's Charter (version 24)	[Link to material disclosures] 
Extraordinary	November 24, 2021	1. Early termination of the powers of the Company's Board of Directors. 2. Election of members of the Board of Directors. 3. Allocation of additional capital to cover the previous years' losses	[Link to material disclosures] 
Extraordinary	December 24, 2021	1. Approval of the Regulations on Remuneration to Members of the Company's Board of Directors and Compensation for Their Expenses (fourth version). 2. Early termination of the powers of the Company's Board of Directors. 3. Election of members of the Board of Directors	[Link to material disclosures] 

Board of Directors



A complete list of the Board of Directors' competences can be found in the [SFI Charter]



The Board of Directors is the main body in the Company's corporate governance framework. The key goals of the Board of Directors are long-term growth in the Company's assets value; protection of rights and interests of the shareholders and providing complete, accurate, and timely public information about the holding.

The competence of the Board of Directors includes addressing priority issues that may affect the development of SFI; specifically: defining the key areas of its activities and development strategy, approving its overall organizational structure and budget, appointing the CEO, approving transactions, considering the most vital aspects in the activities of controlled organizations, making recommendations regarding dividend amount and payouts, appointing an auditor, etc.

Members of the Board of Directors

The Board of Directors is a balanced and professional body that ensures sustained long-term growth of the Company. The current composition of the Board of Directors was established pursuant to the resolution of the Extraordinary General Meeting of Shareholders of SFI dated December 24, 2021 and includes nine members, six of whom are independent directors:



Oleg VYUGIN
Chairman of the Board of Directors



Said GUTSERIEV
Non-executive director, member of the Strategy Committee



Yevgenia ZAVALISHINA
Independent director, member of the Strategy Committee (Deputy Chair) and the Audit and Risk Committee



Boris HIM
Independent director, Chairman of the Strategy Committee and member of the Remuneration and Nominations Committee



Artyom KONSTANDYAN
Independent director and member of the Remuneration and Nominations Committee



Maxim LAPIN
Independent director and Chairman of the Audit Committee



Janusz LELLA
Independent director, Chairman of the Remuneration and Nominations Committee, and member of the Audit Committee



Avet MIRAHYAN
CEO of SFI and member of the Strategy Committee



Jansen FLORIAN
Independent director and member of the Strategy Committee

Changes in the Board of Directors

During the reporting period, the Board of Directors was re-elected three times. After the annual meeting, Sergey Tsikalyuk left, and Svetlana Sagaidak became the new director.

In November 2021, Mikhail Gutseriev, Bilan Uzhakhov and Sergey Nazarov resigned, Janusz Lella was admitted to the Board of Directors, and the number of members was reduced to nine, in accordance with the Company's Charter, approved by the resolution of the Extraordinary Meeting of Shareholders on August 24, 2021.

Then, in December 2021, the General Meeting of Shareholders re-elected the Board of Directors again, with Yevgenia Zavalishina, Boris Kim, Artyom Konstandyan, Maxim Lapin and Jansen Florian as new directors; Oleg Andriyankin, Alla Gryaznova, Ilya Mikhailenko, Alexander Myakenkiy, and Svetlana Sagaidak resigned.

Members of the Board of Directors as of December 31, 2021



Oleg VYUGIN
Chairman of the Board of Directors

Does not hold SFI shares

He was re-elected a member of the Board of Directors of SFI in December 2021, and has been Chairman of the Board of Directors since June 2017.

Education and qualifications. Oleg graduated from Lomonosov Moscow State University majoring in Mechanics and Mathematics. Master of Physical and Mathematical Sciences. Author of more than 20 research papers and publications on the theory of probability and macroeconomic model building.

Career. Currently Oleg is Chairman of the Supervisory Board and independent director at the Moscow Exchange and professor at HSE University.

He holds positions at governance bodies of other legal entities, such as National Association of Securities Market Participants (Chairman), Unipro (member of the Board of Directors, independent director), Centre for Strategic Research (Board member), National Council on Corporate Governance (member of the Presidium).

At different points in his career he held positions of First Deputy Minister of Finance of the Russian Federation, First Deputy Governor of the Bank of Russia, Head of the Federal Service for Financial Markets, External Advisor to the Prime Minister of the Russian Federation, Executive Vice-President of Investment Company Troika Dialog, Senior Advisor on Russia and CIS of Morgan Stanley Bank, Chairman of the Board of Directors of MDM Bank.



The information about the Board of Directors members' places of employment for the last five years is provided



[the Company's website]



[Corporate Disclosure Centre's website]

Members of the Board of Directors as of December 31, 2021
(continued)



**Yevgenia
ZAVALISHINA**
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021 as an independent director.

Education and qualifications. Yevgenia studied educational psychology and pedagogy at the Faculty of Psychology of Moscow State University.

Career. Ms. Zavalishina is a professor at Singularity University Benelux. She is an Independent Director and Chair of the Digital Development Committee of NMLK PJSC.

In 2000, Yevgenia Nikolaevna began working as Product Director at Yandex. From 2012 to 2017, Yevgenia Zavalishina was Chairman of the Board of Directors of Yandex.Money; from 2016 to 2018, she headed Yandex Data Factory, an international business unit of Yandex that specializes in big data analytics and the application of machine learning to solve industry problems. In 2018, she founded Mechanica AI B.V., a company that offers services to improve the efficiency of manufacturing operations through the use of machine learning and AI.

Since 2019, Yevgenia works as an independent expert and non-executive director at several international companies.

Yevgenia Zavalishina is Chair of the Board of Directors of FINOM Payments B.V. and a member of the Board of Directors of Finnovate LLP, the Investment Committee of BTS Digital Ventures Ltd, the advisory boards of PayU Group and SIDN Fonds, and the Global Future Councils of the World Economic Forum.



**Boris
KIM**
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021 as an independent director.

Education and qualifications. Boris Kim graduated from the faculties of chemistry, psychology, and philosophy of Lomonosov Moscow State University, the All-Russian Distance Education Institute of Finance and Economics with a degree in Finance and Credit, and the Moscow State Law University. Boris is a Candidate of Chemical Sciences.

Career. From 1994 to 1999, Boris Kim held senior positions at several commercial banks in Russia. Co-founder and president of the e-port group, he was an Advisor to the President of the Unified Instant Payments System from 2010 to 2013 (both companies were later transformed into QIWI Group).

From 2013 to 2019, Boris chaired the Board of Directors of QIWI, and from 2020 to 2021, he was the CEO of QIWI.

In 2016–2018, Boris Kim was Executive Director of the Financial Technology Association.

Currently, Mr. Kim is an independent member of the boards of directors of VimpelCom PJSC and Katren JSC. Boris Kim does not own SFI stock.



**Artyom
KONSTANDYAN**
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021 as an independent director.

Education and qualifications. Graduated from the Finance Academy under the Government of the Russian Federation with a degree in Global Economics. Candidate of Economic Sciences.

Career. Between 2005 and 2016, Artyom held key positions at Promsvyazbank, working as President and Chair of the bank's Management Board and Chair of the Board of Directors of the Promsvyaz management company. Artyom Konstandyan was also a board member of several other banks, including Eximbank of Russia, the Armenian Ardshinbank, and Vostochny Bank.

Today, Artyom is a member of the boards of directors of Unibank Armenia and Jurisdiction Armenia Foundation.



**Maxim
LAPIN**
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021 as an independent director.

Education and qualifications. Graduated from the Faculty of Economics of Lomonosov Moscow State University. Holds an MBA in Corporate Finance from Columbia Business School.

Career. Maxim began his career in finance at Niederman's Finance Corporation LLC in 2001, after which, from 2003 to 2009, he worked at the Moscow office of McKinsey & Company. From 2009 to 2013, Maxim Lapin was Director of Planning and Analysis at Sibur LLC; between 2014 and 2016, he held various positions at Magnitogorsk Iron and Steel Works and was a member of the company's Management Board.

From 2017 to December 2021, Maxim Lapin was a member of the Management Board and Financial Director of Moscow Exchange PJSC.

Maxim is a professor teaching in the master's program at the Higher School of Economics.

Members of the Board of Directors as of December 31, 2021
(continued)



Janusz LELLA
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021, Independent Director.

Education and qualifications. Graduated from the Warsaw University of Technology, Institute of Chemical Engineering.

Career. Janusz Lella is the owner of Janusz Lella Consulting, which he founded in 2012. In 2005–2009, he was the Retail Sales Director at M.Video Management LLC. In 2009–2012, he was the Chief Executive Officer of Castorama. In 2013–2014, he was the Chief Executive Officer of X5 Retail Group's Supermarket format. In 2015–2017, he was the Chief Executive Officer of Malpka S.A. In 2017 he became a member of M.Video's board of directors, which he then left in May 2021.

He is currently a member of the Board of Directors of Agrokombinat Kolos CJSC and a member of the Supervisory Board of BRW S.A. (Black Red White).



Florian JANSEN
Independent director

Does not hold SFI shares

Elected to the SFI Board of Directors in December 2021 as an independent director.

Education and qualifications. Graduated from Witten/Herdecke University (Germany), the London School of Economics and Political Science, and Columbia University's School of International and Public Affairs (USA).

Career. From 2006 to 2011, he worked as a management consultant for the consulting firm McKinsey & Company. In 2011, he co-founded the online store Lamoda (Hupishuz LLC), served as managing director, and led the company until 2020.

In 2019, Mr Jansen became an independent member of the Board of Directors of Magnit PJSC and chaired the Strategy Committee.

In 2020, Mr. Jansen exited Lamoda to become Deputy CEO, executive director and member of the Management Board of Magnit PJSC.

Since August 2021, Mr Jansen left Magnit to co-found the technology company Nicity Inc. (USA), which he now leads as CEO.

Mr. Jansen also serves the board of directors as Chairman of the real estate developer Glorax, which specializes in residential construction, project infrastructure, and investments in property technology. Also he is director for FJS Digital Advisory LLC, his investment/advisory vehicle.



Said GUTSERIEV
Non-executive director

Said was re-appointed as member of the Board of Directors of SFI in December 2021 (has served as member of the Board of Directors from August 2017).

Education and qualifications. Graduated from Plymouth Business School, Plymouth University in 2011. Graduated from St Peter's College, University of Oxford, with an MA degree in 2014.

Career. From 2012 to 2014 Said worked at Glencore UK Ltd.

From 2014 to 2021 he held the position of Chief Executive Officer of FortelInvest.

Entrepreneur, the major owner of SFI Investment Holding and M.Video-Eldorado, the founder and partner at Larnabel Ventures investing in new technologies in finance, education, marketing and AI.

He is a member of the Board of Directors at SFI and PJSC "M.Video".



Avet MIRAKYAN
CEO of SFI

Avet was re-appointed as member of the Board of Directors of SFI in December 2021 (has served as member of the Board of Directors from June 2016).

Education and qualifications. In 1996, Avet graduated from Erevan State University majoring in International Economic Relations.

He is a Certified Public Accountant of the USA (CPA), holds a Russian certificate for audit and certificates of the Federal Service for Financial Markets (first and fifth degree).

Career. Avet started his career in 1995 at the Department of Monetary Policy of the Central Bank of the Republic of Armenia and later moved to the Banking Supervision Department. From 1997, he joined a Russian private commercial bank. For ten years from 1998 he had worked for audit companies Arthur Andersen and Ernst & Young (EY) where he rose from an assistant to the partner in the Financial Markets Department.

In 2007, he served as Senior Vice-President and CFO at B&N BANK. In 2008–2009, he held the same position at BNP Paribas Bank (CIB, Russia). From 2010 to 2015, he was Partner and Leader of the Transaction Advisory Team, CIS Financial Markets, at EY.

Since August 2017, Avet has held the position of the Chief Executive Officer of SFI.

Board of Directors' report

Oleg Vyugin, who was re-elected at the first meeting of the Board of Directors after the General Meeting of Shareholders in December 2021 and in June and November 2021, remained Chairman of the Board of Directors in 2021.

The Board of Directors and the Board Committees are fully compliant with the Moscow Exchange requirements for corporate governance of issuers included in the Level 1 Quotation List and the recommendations of the Bank of Russia's Corporate Governance Code. All members of the Audit Committee and the Remuneration and Nomination Committee are independent directors. Both committees were chaired by independent members of the Board of Directors.

27 BOARD OF DIRECTORS' MEETINGS were held in 2021

In 2021, the Board of Directors held 27 meetings (including eight meetings held in-person). The total number of meetings in 2021 increased against 2020. Throughout 2021, there was a quorum for each item 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 2021 include:

- adopting the holding's strategy;
- approving major transactions (including asset purchases and sales, as well as recommendations to the General Meeting of Shareholders regarding the approval of major related-party transactions);
- addressing loan servicing and refinancing issues,
- formulating SFI's position on issues on the agendas of the General Meetings of Shareholders (Members) and subsidiaries and affiliates, as well as on the agendas of other companies where SFI is a shareholder or member;
- initiation of extraordinary General Meetings of Shareholders on the approval of the auditor, the Chapter with a new name and the number of members of the Board of Directors, etc.

Members of the Board of Directors	Independent Director	Participation in meetings of the Board of Directors (one meeting in 2021, following election by the Extraordinary General Meeting of Shareholders on December 24, 2021)
Oleg Vyugin – Chairman of the Board of Directors	–	1/1
Said Gutseriev	–	1/1
Yevgenia Zavalishina	+	1/1
Boris Kim	+	1/1
Artyom Konstandyan	+	1/1
Maxim Lapin	+	1/1
Janusz Lella	+	1/1
Avet Mirakyan	–	1/1
Jansen Florian	+	1/1

In 2021, the Board of Directors also reviewed issues and made recommendations regarding the holding's Incentive System, and approved the terms of the contract with the CEO.

Board of Directors, acting from November 24, 2021 to December 24, 2021.

Members of the Board of Directors	Independent Director	From the date of election by the Extraordinary General Meeting of Shareholders on November 24, 2021, until the termination of his powers by the Extraordinary General Meeting of Shareholders on December 24, 2021.		
		Board of Directors (two meetings)	Audit Committee (one meeting)	Remuneration and Nominations Committee (one meeting)
Oleg Andriyankin	–	2/2	–	–
Oleg Vyugin – Chairman of the Board of Directors	–	2/2	–	–
Alla Gryaznova	+	2/2	1/1	1/1
Said Gutseriev	–	2/2	–	–
Janusz Lella	+	2/2	1/1	1/1
Avet Mirakyan	–	2/2	–	–
Ilya Mikhailenko	–	2/2	–	–
Alexander Myakenkiy	+	2/2	1/1	1/1
Svetlana Sagaidak	–	2/2	–	–

Board of Directors in office from January 1, 2021, to November 24, 2021, subject to changes in its composition following re-election by the Annual General Meeting of Shareholders on June 23, 2021.

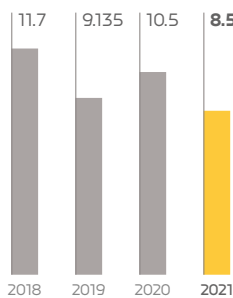
Members of the Board of Directors in the reporting year	Independent Director	Participation in meetings of the Board of Directors (24 meetings)	Audit Committee (three meetings)	Remuneration and Nominations Committee (four meetings)
Oleg Andriyankin	–	24/24	–	–
Oleg Vyugin – Chairman of the Board of Directors	–	24/24	–	–
Alla Gryaznova	+	23/24	3/3	4/4
Mikhail Gutseriev ^[1]	–	14/24	–	–
Said Gutseriev	–	21/24	–	–
Ilya Mikhailenko	–	24/24	–	–
Avet Mirakyan	–	24/24	–	–
Alexander Myakenkiy	+	24/24	3/3	4/4
Sergey Nazarov ^[1]	+	16/24	2/3	3/4
Svetlana Sagaidak (after June 23, 2021)	–	11/11	–	–
Bilan Uzhakhov	–	24/24	–	–
Sergey Tsikalyuk (until June 23, 2021)	–	0/13	–	–

[1] In August 2021, he submitted a letter of resignation from the Board of Directors.

Remuneration and compensation to members of management bodies

Board of Directors

Remuneration to the Members of the Board of Directors^[1], [RUB mln]



Information on the organizations where Avet Mirakyan, CEO of PJSC "SFI", holds positions in the management bodies is provided in the Issuer's reports, [available at]



Management board

As the Management Board was not formed in 2021, no remuneration was paid for that year.

The amount of remuneration and compensation to members of the holding's Board of Directors for 2021 was determined in accordance with the Regulations on Remuneration to Members of the Board of Directors, approved at the General Meeting of Shareholders. The remuneration/compensation depends on the performance of the director's duties related to the membership in the Board of Directors, as well as the performance of other duties related to the membership in the Board committees.

The annual remuneration payable to an independent director comprises the fixed base and fixed additional components. In 2021, the fixed base component of the annual remuneration to an independent member of the Board of Directors was RUB 2.5 mln^[1]. The fixed additional component was RUB 0.5 mln^[1] per committee. Each member of the Board of Directors may be reimbursed for travel expenses incurred in connection with their involvement with the Board of Directors, as per the standards for the PJSC "SFI" employees' travel expenses.

New Regulations on Remuneration to the Members of the Board of Directors and Reimbursement for Members of the Board of Directors were approved in late 2021 and are now in effect. The fixed base component of an independent director's annual remuneration amounts to RUB 5 mln^[1], with an additional component accrued depending on the director's involvement in the work of the Board of Directors: RUB 1.25 mln^[1] for contributing to any of the committees; and RUB 2.5 mln for chairing a committee^[1]. If several additional duties are performed, the additional component of the remuneration is summed up. The annual remuneration to the Chairman of the Board of Directors amounts to RUB 16 mln^[1]. The remuneration to the Board of Directors was paid under the new Regulations in 2022 and will be included in the 2022 Annual Report figures.

Sole Executive Body

There is no information about the remuneration to the Sole Executive Body for contributing to management bodies or holding executive positions in organizations belonging to the Group. It will be possible to obtain information on the availability of such remuneration from the Issuer's reports by the companies required to disclose information publicly.

[1] Before taxes.

Committees of the Board of Directors

Following the 2020 Annual General Meeting of Shareholders, held on June 23, 2021, the Board of Directors decided to elect an Audit Committee and a Human Resources and Compensation Committee. Both committees were formed solely from among the independent members of the Board of Directors, and their chairs were also elected from among the independent directors. The composition of the Committees complied with the Moscow Exchange requirements for the corporate governance of a share issuer (Level 1 of the Quotation List) and with the recommendations of the Corporate Governance Code of the Central Bank of the Russian Federation.

The members of the Remuneration and Nomination Committee that had been elected after the Annual General Meeting of Shareholders continued working until the Extraordinary General Meeting of Shareholders dated November 24, 2021. After that, the Committee was elected twice: by the Board of Directors on November 25, 2021, and, following the Extraordinary General Meeting of Shareholders, on December 24, 2021.

The Audit Committee of 2021, after being formed in accordance with a resolution of the Board of Directors on June 23, 2021, was elected by resolutions of the Board of Directors on October 18, 2021, and, similarly to the Remuneration and Nomination Committee, by resolutions of the Board of Directors on November 25, 2021, and December 24, 2021.

The committees carried out preliminary material reviews and made recommendations on a number of issues important to SFI, including:

- assessment of the holding's external and internal audit system;
- the terms of the contract with the external auditor and its approval (in case of IFRS statement audit, by the Board of Directors; in case of RAS statement audit, by the General Meeting of Shareholders);
- approval of the Internal Audit Service's reports and audit plans;
- consideration of the dynamics for accounts payable and covenant fulfillment.

After being reviewed at committee meetings, decisions on these issues were adopted at the Annual General Meeting of Shareholders and at meetings of the Company's Board of Directors.

Taking into account the specifics of the 2021 work period, just as during the previous year, 2020, video conferencing facilities were widely used at meetings of the Board of Directors and committees in presentia, which ensured the safety of the meetings' participants while allowing for an adequate discussion of all issues, as well as access to the meeting materials. The number of members of the Board of Directors who attended the meetings of the Committees, as well as the extent of their involvement in the agenda's discussion, proves that the Board of Directors is sufficiently active, with a high level of organization on the part of Committee Chairs.

9 COMMITTEE MEETINGS OF THE BOARD OF DIRECTORS were held in 2021

Audit Committee

Composition of the Audit Committee effective as of December 31, 2021, was approved by the resolution of the Board of Directors of PJSC "SFI" dated December 24, 2021. The Audit Committee held five meetings in 2021 (most committee meetings were in person).

- The Committee reviewed the following matters, which come within its authority:
- financial statements of the holding for 2020 (including the Committee's evaluation of the external auditor's report, to be included in the materials of the Annual General Meeting of Shareholders);
 - targets under the Company's risk management and internal control system;
 - reports on outstanding loans and fulfilment of covenants;
 - reports on Internal Audit inspection results for Q1, Q2, and Q3 of 2021 and 2020;
 - nomination of the external auditor for 2021 (with a recommendation submitted for approval by the Annual General Meeting of Shareholders);
 - a report on the Committee's performance in 2020–2021 and a work plan for 2022.

- As a result of the discussions, the Committee adopted recommendations, including:
- recommendations on the Company's risk management and internal control system;
 - recommendations on the Internal Audit Service performance report for 2020;
 - recommendations on the nomination of the auditor for 2021;
 - an opinion on the auditor's report on the 2020 annual financial statements.

Composition of the committee as at December 31, 2021



Maxim LAPIN
Chairman of the Committee (independent director)



Yevgenia ZAVALISHINA
(independent director)



Janusz LELLA
(independent director)

Strategy Committee

During 2021, the Committee essentially acted as a workgroup, not considering issues within the competence of the Board of Directors and not providing any recommendations. The current composition of the Committee was formed by the resolution of the Board of Directors on December 24, 2021.

Composition of the committee as at December 31, 2021



Boris HIM
Chairman of the Committee (independent director)



Said GUTSERIEV
(non-executive director)



Yevgenia ZAVALISHINA
(independent director)



Avet MIRAHYAN
(CEO, SFI)



Florian JANSEN
(independent director)

Remuneration and Nominations Committee

- The Committee reviewed the following matters, which come within its authority, including:
- nominees proposed for election to the Board of Directors of the Company were assessed for compliance with the Moscow Exchange and Corporate Governance Code requirements;
 - the terms and conditions of the employment contract with the CEO;
 - employee incentive parameters at PJSC "SFI";
 - SFI's organizational structure;
 - staff turnover metrics.

- As a result of the discussions, the Committee adopted recommendations, including:
- nominees recommended for election to the Board of Directors and the Revision Commission;
 - recommendations for the incentive system and organizational structure;
 - recommendations for promotion of the corporate culture, HR coordination.

Composition of the committee as at December 31, 2021



Janusz LELLA
Chairman of the Committee (independent director)



Boris HIM
(independent director)



Artyom HONSTANDYAN
(independent director)

Corporate secretary service



Mikhail GORBACHEV
Corporate Secretary SFI

Does not hold SFI shares

Education and qualifications. A university degree.

Career. All positions held by the person in the Issuer and other organisations over the past five years up to now, including on a part time basis:

- January 2016 – August 2017: Corporate Secretary at Europlan;
- August 2017 – present: Corporate Secretary at SFI.

Composition of the Remuneration and Nomination Committee effective as at December 31, 2021 was approved by the resolution of the Board of Directors of PJSC "SFI" dated December 24, 2021. In 2021, the Committee held four meetings to discuss agenda items and make decisions. Three meetings of the Committee were held in-person and one was held remotely.

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, the Charter and internal documents of the Company as a way to protect the rights and interests of the Company's shareholders.

The Corporate Secretary also facilitates interaction between shareholders, the Board of Directors, and other corporate stakeholders.

Audit and Control system

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.



Operational level

Ensuring that the ICS functions properly:

- CEO.

Execution of control procedures and activities:

- SFI management;
- SFI employees.



Control level

Independent evaluation of ICS efficiency:

- Revision Commission;
- Internal Audit Service.

Internal control system

The internal control system (ICS) of SFI is a set of organizational measures, procedures, and actions taken by the holding 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 2021, the Internal Audit System carried out the following audits:

- audit of the accounting and tax statements for 2020;
- audit of the income and expenditure statement progress for 2020;
- audit of the corporate governance function's operations;
- verification that obligations under the credit agreement are being fulfilled;
- audit of the investment management business process.

During SFI's 2021 performance audit, the Internal Audit Service did not identify any high-risk deficiencies. Based on the results of the audits, recommendations were given to the responsible process owners, the implementation of which made it possible to improve the efficiency of the internal control system, risk management and corporate governance.

Composition of the Internal Audit Service in 2021

	FULL NAME	Date of birth	Position at the main place of work	Participation interest in the authorized capital and share of ordinary shares owned
1	Elena Evdokimova	1970	Head of the Internal Audit Service	0%

Composition of the Revision Commission of SFI in 2021

	FULL NAME	Year of birth	Position at the main place of work	Participation interest in the authorized capital and share of ordinary shares owned
1	Andrey Gorokhov	1980	Deputy CEO for Managerial Accounting, Reporting, and New Projects at Corporate Investments and Technologies LLC	0%
2	Alexey Rozhkovsky	1984	Head of the Financial Department, Deputy CFO at PJSC "SFI"	0%
3	Stanislav Turbanov	1974	Deputy Head of the Taxation Department at PJSC "SFI"	0%

In 2021, the Revision Commission had been operating since its election at the Annual General Meeting of Shareholders on June 10, 2020, with all its members re-elected for a new term at the Annual General Meeting of Shareholders on June 23, 2021.

Remuneration and compensation for members of supervisory bodies of SFI

Revision Commission

SFI did not compensate the Revision Commission members for any expenses associated with serving at the Revision Commission in 2021.

Internal Audit Service

In 2021, the remuneration (salary) of the Internal Audit Service's employees amounted to RUB 3.712 mln. SFI did not compensate the Internal Audit Service members for any expenses associated with serving at the Internal Audit Service in 2021.

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 international auditing companies;
- business reputation;
- experience in auditing leasing companies, banks, insurance companies with an extensive branch network in different regions of the Russian Federation;
- presence of employees with diplomas issued by internationally 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.

Proposals are assessed by authorized SFI employees, as well as by other persons (experts and specialists), if involved. The assessment 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 Ernst & Young LLC, the auditor, for 2021 was determined by the Board of Directors on June 23, 2021 and amounted to RUB 14.4 million (including VAT).

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 procedures are detailed in [the 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 holding company manages its risks continuously using a vertically integrated approach that involves the Board of Directors, executive bodies, management and employees of the holding company, as well as its subsidiaries and affiliates. This process embraces all of the holding's operations, focusing on the identification, analysis and assessment of risks, development and implementation of risk management measures, and risk monitoring.

The reliability and effectiveness of the risk management system are controlled by the Audit Committee (from March 5, 2022, the Audit and Risk Committee) under the Board of Directors. On a quarterly basis, the management teams of SFI and its subsidiaries submit consolidated reports by the Internal Audit Service (hereinafter, IAS) to the members of the Audit Committee. These reports include an assessment of existing risks, based on the findings of IAS inspections, as well as recommendations for risk management.

The information provided to SFI management covers the entire risk spectrum to ensure the completeness, quality, and comparability of the information provided at each level of decision-making. This approach supports risk management controls and decision-making processes top down and bottom up across the holding depending on the risk priority and criticality.

PJSC "SFI" constantly strives to improve the efficiency of its risk management framework as a way to deliver stable business growth for the benefit of its shareholders and investors.

Key elements of the risk management system

- 1

Risk identification and analysis.
- 2

Risk assessment and prioritization.
- 3

Risk management planning and coordination.
- 4

Identifying the risk appetite (risk appetite management is reserved to the Investment Committee).
- 5

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

- 1

Integrating risk accounting into all aspects of the holding's business to build a crisis-resistant model ensuring healthy growth across all business lines.
- 2

Strengthening competitive advantages through more efficient capital management and higher SFI market value, based on an appropriate risk assessment and management.
- 3

Providing a stable return on capital for shareholders and investors.
- 4

Ensuring the security and availability of shareholders' funds, including when stress scenarios materialize.

Review of key risks

1

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 entry of large foreign competitors into the Russian market;
- 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 Russian banking system/sector.



To learn more about Europlan's risk management procedures, please refer to [the Risk Management and Internal Control Policy]



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, resulting in limited access to international reinsurers.



You can learn more about VSH's risk management procedures from [VSH's IFRS reporting]



Risks of the retail industry:

- risks associated with changes in the volume of solvent consumer demand;
- risks of changes in the structure of consumer demand or customer preferences;
- risks of increased competition in the retail market;
- risks of changes in prices for products and/or services;
- risks of loss of income as part of marketing promotions;
- risks of IT systems failure;
- risks of cyber fraud;
- risks of breach of license agreements;
- risks of supply chain disruptions.



To learn more about M.Video-Eldorado's risk management procedures, please refer to [the Internal Control and Risk Management System Policy]



Risks of the oil industry:

- geological risk: the probability of a negative result when searching for a deposit in a licensed area;
- production and technological risk: the probability of industrial accidents and equipment failures due to physical wear and tear and obsolescence, unreliable and unstable operation of machinery and other basic used tools and items of labor, flaws in technology, and the wrong choice of equipment parameters;
- commercial risk: the probability of inflation, changes in market conditions (the scope and structure of energy consumption), growth or decline in supply and demand for hydrocarbons, fluctuations in oil and gas prices in the region, country, and the world;
- economic risk: the possibility of limiting the export and import of oil, gas and refined products (increasing customs duties, introducing voluntary restrictions, reducing quotas, etc.);
- environmental risk: potential consequences of the technogenic impact on the environment, in particular emissions into the atmosphere and water, and waste storage.



More details on the risk management procedures at RussNeft can be found in [RussNeft Risk Management Policy]



Risks of the gaming industry:

- risks of IT systems failure;
- risks of economic crime committed with game software;
- risks of theft of the game account, character and in-game currency;
- reputational risks associated with game content;
- risks of legal uncertainty in the field of video games;
- risks of not having sufficient Internet bandwidth.



Country and regional risks

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

In February-April 2022, escalating geopolitical tensions and the conflict with Ukraine had a negative impact on the country's economy. The European Union, the United States, and a number of other countries have imposed sanctions on a number of Russian state and commercial entities, including banks, individuals, and certain sectors of the economy, as well as restrictions on particular types of transactions. Some international companies have announced the suspension of their activities in Russia or the cessation of product shipment to Russia. This led to increased volatility in the stock and currency markets. The ruble exchange rate against foreign currencies has fallen significantly. The Bank of Russia increased its key rate to 20%, then lowered it to 17%. In March 2022, temporary restrictive economic measures were introduced in the Russian Federation, which included: a ban on loans by residents to non-residents in foreign currency and on the transfer of foreign currency by residents to their accounts in foreign banks; restrictions imposed on the payments of securities to foreign investors; and restrictions imposed on transactions with persons from a number of foreign countries.

Several companies, manufacturers of technological equipment is among them, have announced the suspension of their activities in the Russian Federation and/or the suspension of product shipment, including servers, to the Russian Federation; it is not possible at this time

to determine whether the suspension is temporary or permanent in nature.

These events can have a significant impact on the activities of Russian organizations in various sectors of the economy. Currently, the effect of these events cannot be assessed with a reasonable degree of certainty. The holding company's management is presently analyzing the possible impact of the transforming micro- and macroeconomic conditions on its financial position and operational results.

The S&P Global Ratings, Fitch, and Moody's agencies withdrew Russia's sovereign ratings and suspended commercial activities in the country. S&P Global Ratings withdrew its long-term and short-term foreign and local currency credit ratings on April 1, 2022. The ratings of international rating agencies were also withdrawn from VSH and Europlan.



Sanction risks

June 21, 2021. The European Union adopted sanctions against a number of individuals and entities. However, these sanction risks did not affect PJSC "SFI". The holding received an opinion from an independent legal consultant, who confirmed that neither SFI nor its subsidiaries were subject to the restrictions imposed by the above sanctions under the laws of the European Union. The legal opinion confirmed that M.S. Gutseriev, who is on the EU sanction list, does not have a participation interest in SFI and does not control the holding or its subsidiaries. Thus, the introduction of EU restrictive measures against certain individuals



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 currency risks.

Market risk is the risk of adverse consequences in case of changes in certain market parameters. Market parameters include the following types of risk: foreign currency risk, interest rate risk, and equity instrument pricing risk. Interest rate risk is associated with changes in the interest rates on SFI's assets and liabilities. The assets and liabilities of the holding are largely fixed-rate, and therefore the exposure to interest rate risk is minimal. Credit risk is defined as the risk of losses resulting from contractors' default on, or untimely or incomplete performance of their financial obligations to the holding under relevant contracts. Exposure to credit risk is assessed as low, as SFI surplus funds are invested only in deposits in established financial institutions with high credit ratings.

Equity price risk: SFI's exposure to market risk is minimal because the proportion of investments in shares traded on the market is insignificant.

Currency risk relates to the impact of FX rate fluctuations on the financial position and cash flows. Exposure to currency risks is low, as the share of foreign currency-denominated assets



Legal risks

Legal risks associated with the holding's operations include the risks of changes in the Russian currency regulations and tax 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. SFI does not plan a significant volume of transactions with contractors from unfriendly countries, the risk of changes in the currency legislation of foreign countries is minimal.

SFI holds its main assets in the leasing and insurance segments. The regulation of these segments may increase in the near future, but the possible negative effects are minimal, as the stability of SFI's subsidiaries and affiliates provides a large stock of capital.

In 2016, the Bank of Russia toughened regulation of non-credit financial institutions by putting in place an improved and more centralized control framework. As far as insurance line of business is concerned, these include the following regulatory requirements:

- establishment of a clear procedure for the insurance companies to calculate the statutory liabilities to equity (capital) ratio;
- establishment of a clear procedure to transfer the insurance portfolio in cases where insurance companies become subject to bankruptcy

prevention measures or license withdrawal;

- establishment of a specialized depository responsible for promptly identifying the insurance organizations’ breaches of the applicable laws through daily monitoring of compliance with the requirements for the composition and structure of the assets accepted for coverage of insurance provisions and equity (capital) of an insurer, and with the rules applying to the investment of insurance provisions and equity (capital) of an insurer;
- transition to a unified chart of accounts (UCA) for non-credit financial institutions;
- transition to an electronic, XBRL-based data reporting format, in accordance with global reporting practices.



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 the Company's business reputation. SFI and the companies included in the holding take all measures to form a fair view of their financial stability. These measures include both a 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. They may result in 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 its 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 its performance. 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 have a significant impact on 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)

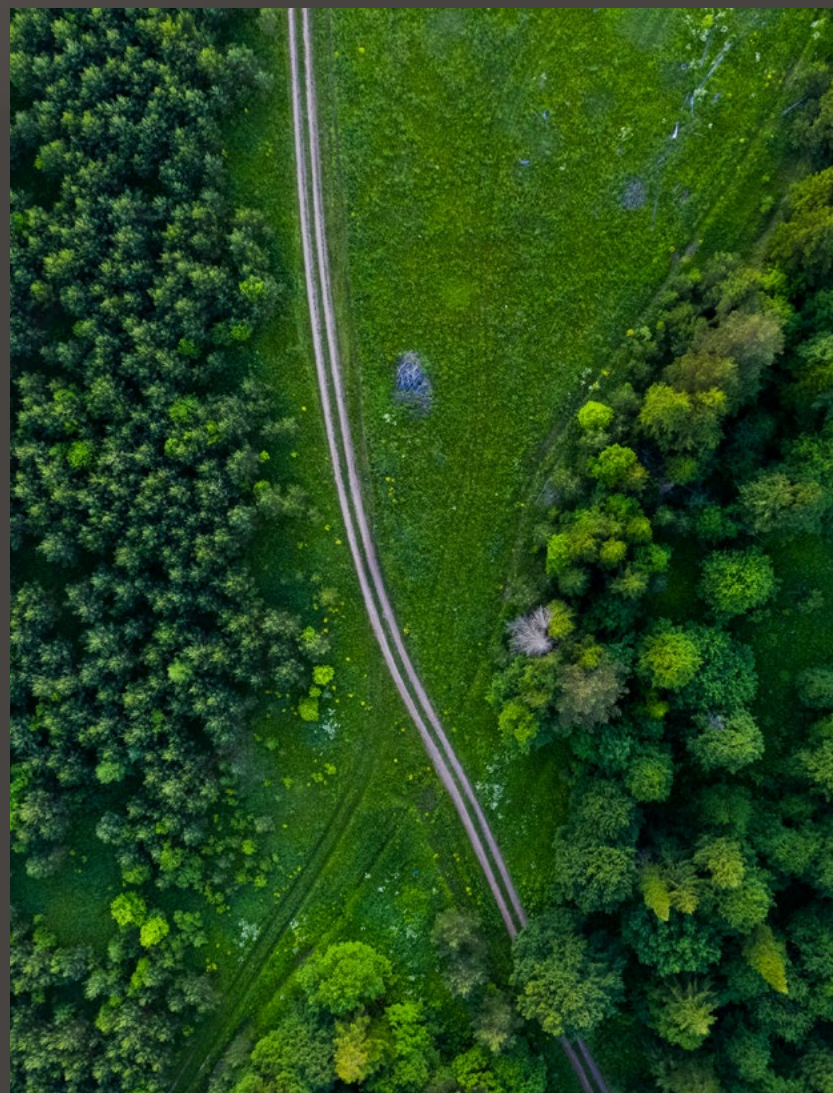
SFI's core business as of June 30, 2017, and as of the date of the Annual Report has been investment activity as a holding company by way of investing in securities of/stakes in business entities for the purpose of owning significant stakes or interests. Such activity is not subject to licensing. The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

There is a risk of increased regulation of licensed activities of portfolio companies.



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.



4

Sustainability report

SFI sustainability principles

In its activities, the 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, and reporting and disclosure system.

The holding regards the following aspects as particularly important:

- adopting the best corporate governance practices;
- increasing transparency and the extent of information disclosure to shareholders, investors and other stakeholders;
- investing in companies that are mindful of the environmental, social, and governance aspects (ESG) in their activities;
- developing personnel;
- supporting charitable projects.

In 2021, SFI's investment portfolio included five companies^[1] in which we owned stakes ranging from 100% to 10%, meaning that we were either major participants or major minority shareholders. Accordingly, we have identified eight global UN Sustainable Development Goals to which we adhere and to the achievement of which we can make the greatest contribution out of our portfolio assets.

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

	Ensure healthy lives and promote well-being for all at all ages.		Take urgent action to combat climate change and its impacts.
	Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all.		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.		Strengthen the means of implementation and revitalize the global partnership for sustainable development.
	Reduce inequality within and among countries.		
	Ensure sustainable consumption and production patterns.		

[1] Excluding projects completed in 2021 and buyback companies.




We are confident that our contribution to the development of the ESG agenda will allow us to build a foundation for trusting relationships with shareholders, investors, and partners, as well as improve the business and social climate in Russia.

We plan to develop responsible investment and implement a system of reporting our progress toward sustainable development goals.

Corporate governance

In 2021, SFI increased the number of independent directors as part of its efforts to improve corporate governance practices and strengthen its relevant expertise. At present, six out of nine directors are independent.

SFI bases its activities 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 compliance with the corporate governance principles set forth in the Code. The assessment 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.  [see attachment](#)



SFI shares are included in the Level 1 Quotation List of the Moscow Exchange (MOEX: SFIN).

The holding fully abides by the corporate governance principles and the 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 the Moscow Exchange.

Shareholder rights

SFI is committed to providing shareholders and investors with open access to information, limited only by the law and competitive conditions, and accounts for their demands, claims, suggestions, and expectations in its work.

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.

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.

Shareholders owning

AT LEAST **2%** OF THE AUTHORIZED CAPITAL

have the right to propose items for the agenda of the General Meeting of Shareholders and to nominate candidates to the management and control bodies.

10% OF THE VOTING SHARES

also have the right to request an Extraordinary General Meeting of Shareholders.

To ensure that the shareholders' rights to receive dividends are observed, SFI announces the amount of recommended payouts and the date of compiling the shareholder list in advance.

Personal data protection

Personal data security is the most important attribute of interaction with employees, counterparties, investors, and shareholders. To ensure the protection of human and civil rights and freedoms in the processing of personal data, as well as for the purposes of compliance with Russian laws in the field of personal data, SFI has developed, and adheres to, a Personal Data Protection Policy. The holding has also developed Personal Data Regulations. These documents specify the composition of personal information that SFI collects about employees, partners, and shareholders, as well as the purpose of its collection, the scope of its application, and the terms of transferring such information to third parties.

The register of shareholders who own SFI's registered securities is maintained by a specialized Registrar, Joint Stock Company Servis-Reestr (JSC Servis-Reestr).

All new employees sign the consent to the processing, storage, and dissemination of their personal data. Employees must also familiarize themselves with SFI's Personal Data Protection Policy and other local regulations upon getting hired.

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, including COVID-19 safety measures, and operates a program of financial incentives for employees, including bonuses, financial aid, and allocated funds for employee training.

Interaction between the holding as an employer and employees is regulated by Russian law and local regulations, which include the Internal Labor Rules, Regulations on the Labor Protection Management System, and Regulations on Remuneration and Incentives.

To improve the quality of life of its employees, the holding has launched the Prime Zone corporate benefits program. It became part of SFI's employee benefits package.

As part of protecting employee health and counteracting the spread of coronavirus infection, the holding conducts regular tests for COVID-19.

The SFI holding company^[1] had

44 EMPLOYEES

Out of these employees, 30% were women. There currently are no employees on maternity leave.

[1] Data of December 31, 2021.

Environmental impact

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

The SFI investment holding itself does not employ more than 50 people. The holding has minimal impact on the environment. At the same time, the employees are aware of the importance of responsible consumption.



Electronic workflow reduces paper consumption.



The holding practices separate waste collection; used batteries and power banks are handed over for recycling and disposal, which reduces the risk to the environment and to human health.



SFI also participates in a campaign by a Russian eco-charity volunteer project called Dobrye Kryshechki (Kind Caps). As part of the campaign, employees collect plastic bottle caps and take them to collection points. The project volunteers send the collected material for recycling, and the proceeds go to help children.

Report on the use of energy resources

Consumption volume in 2021	[in physical terms]	[in monetary terms]
Electrical power	49,799 kWh	RUB 513,284.19
Thermal energy	NO DATA AVAILABLE	RUB 247,954.12
Motor gasoline	15,198.02 LITERS	RUB 720,826.99

Compared to 2020, energy consumption has increased, but this is due to a low-base effect: from March to December 2020, the SFI office introduced remote work for some employees.

Investment processes

When selecting investment targets, the holding prioritizes companies that adhere to the principles of sustainable development and conscientiously monitor their impact on the environment and society, minimizing the risks of negative effects and creating and expanding opportunities for positive change.

The investment process at SFI is governed by internal documents and procedures. Investment ideas and funding issues are discussed at meetings of the Investment Committee and then submitted to the Board of Directors, which decides whether to enter or exit a particular asset.

SFI plans to integrate asset selection criteria into the holding's investment strategy,

which will also include ESG factors. Thus, the holding will officially confirm its intent to follow the principles of corporate social responsibility in investment matters. SFI will not only conduct a financial and industry asset analysis but also incorporate EGS factors into its operations.





SFI and the companies that make up the holding's portfolio make a significant contribution to the environmental agenda and environmental protection, the development of infrastructure and industry, job creation, the formation of a competitive labor and procurement market, and ensuring social and environmental well-being in the regions where we operate.

Sustainable development of SFI assets



Europlan leasing company

Europlan pays great attention to the sustainability agenda. The company' is responsible for providing high-quality leasing services, ensuring that resources are used rationally, and that the principles of social justice and best corporate governance practices are adhered to.

The growth of financial literacy of the population

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 financial literacy improvement among the general public.

Improving the environmental situation of the country

Europlan contributes to the improvement of the country's environmental situation by playing a key role in the process of renewing the vehicle fleet of Russian businesses.

Payment the recycling fee

The company monitors how exporters and manufacturers pay the recycling fee for leased assets in compliance with the applicable laws. Europlan has a successful Ecoplan project initiated by employees and actively supported by the company's management.

Charity projects

Paying great attention to charitable activities, Europlan has been actively supporting children's charities since 2011, helping them with money and organizing company employees who wish to volunteer.

54

MLN

people

624,000

companies

46,800

PEOPLE

are employees of SFI assets

work with SFI and its assets as individual and corporate clients across the country

Offices and stores of companies operate almost throughout Russia



VSK Insurance House

The work of VSK Insurance House in the field of corporate social responsibility involves improving the system of management and interaction with clients and partners, as well as increasing investment attractiveness and information transparency.

Social guarantees

VSK implements special programs for safeguarding the lives and health of its personnel, in addition to providing social guarantees and environmental protection.

Charity projects

Charity projects are one of the important aspects of VSK's social responsibility.

Environment protection

In addition, the company takes care of the environment: it implements processes to decrease energy consumption and use energy more efficiently, reduce and sort waste, and manage paper and water consumption. It also organizes environmental campaigns. .

In 2021, VSK reaffirmed its social responsibility by earning a high rating from the BusinessDrom analytical agency. The rating level is A3.esg (high level of social responsibility).



Game service GFN.RU

The use of the cloud for games from the game service GFN.RU, the exclusive partner of NVIDIA in the development of GeForce NOW in Russia and CIS, has a long-term effect on the environment.

Reduction carbon footprint and energy consumption

The company chooses data centers with a minimal carbon footprint, which are the most efficient solutions in the market. GFN.RU users also reduce their workload and carbon footprint because they consume less power while playing games: the average electricity costs are five times less per person. Choosing the right servers gives is beneficial to energy consumption rates, both per person and per server, which is important for business and its social responsibility. The GFN.RU team tries to strike a balance when selecting employees: there is no preference by age, gender, or race among those looking for work. GFN.RU has only one criterion when recruiting employees: professionalism. And this brings results. The team is represented by both men and women with different hobbies and very different views on life. Such diversity is considered the norm, and is the key to the mental health of the team.

M.VideoEldorado

M.Video-Eldorado retailer

One of M.Video-Eldorado's values is accountability for the future of the industry and society, and this is what guides the Group's ESG standards and initiatives.

M.Video-Eldorado considers it important to contribute to global challenges and create long-term sustainable value for society as a whole. The group has identified a set of key priorities and growth vectors in the field of sustainable development.

The first priority is One Planet

Here, M.Video-Eldorado's goal is to improve the environmental performance of its own operations and supply chain. Therefore, reducing greenhouse gas emissions and supporting the principles of a circular economy are the key factors in determining the company's environmental impact.

The second principle is One Community.

M.Video-Eldorado is a major Russian employer and creates a safe and comfortable work environment for its employees, where everyone can achieve their potential and contribute to society. With an extensive network of stores throughout Russia, M.Video-Eldorado is also actively involved in the development of local communities and territories in the regions where it operates.

The third principle is the principle of Common Standards.

M.Video-Eldorado's corporate governance bodies are committed to fully and accurately following the principles of the Corporate Governance Code approved by the Bank of Russia, as well as international best practices in this area.



RussNeft oil company

The oil company RussNeft adheres to the principle of a responsible attitude of business to society.

Development of regional economies and community welfare

The company seeks to fully contribute to the development of regional economies and community welfare. The holding makes significant tax payments to local budgets, creates new jobs, and implements large-scale social programs on the basis of agreements with the administrations of Russian regions.

Environment protection

The company works hard to protect the environment. It operates in the energy sector, which is considered one of the main sources of greenhouse gas emissions. Therefore, RussNeft is closely following the climate agenda and the development of green technologies in hydrocarbons production and processing. It is also working on its own strategy to reduce greenhouse gas emissions, along with a number of measures to manage climate risks.

Charity projects

RussNeft and its subsidiaries systematically contribute to charity in the regions of their presence.

Improving the environmental situation of the country

RussNeft has been actively engaged in compensatory tree planting since 2017. The reforestation plan for the period from 2020 to 2024 involves planting 2 mln trees, which will absorb 493 tons of CO₂ annually, starting from 2024.

Sustainability initiatives and achievements of SFI's portfolio assets in 2021

Human capital development

- M.Video-Eldorado has become the first Russian company to be accredited by the international Top Employers Institute as a Top Employer in Russia. M.Video-Eldorado was also named one of the best employers in Russia by Forbes.
- M.Video-Eldorado has launched its own corporate education platform, the Digital Academy, aimed at developing its employees' technological competencies. In 2021, the company hired more than 600 people for technology projects and opened its own schools on Agile and product management.
- Microsoft and M.Video-Eldorado, as part of their ESG strategy, have agreed to join forces in supporting an inclusive professional development program for people with disabilities.
- Europlan's employee engagement rate for 2021, according to the internal Climate Survey, was 94% (the average for financial market players is 82%) and the employee satisfaction rate was 63% (the industry average is 29.3%).
- VSK has created a thematic HR community in the VKontakte social network. The Careers at VSK | Insurance House community is dedicated to the development of career potential and other work-related issues.
- According to the Randstad Employer Brand Research's international employer survey in 2021, VSK entered the top five most attractive employers in the insurance segment, ranking fourth. VSK was also ranked first in the Russian Employer Rating according to surveys of job applicants in the Finance, Insurance, Audit sector, carried out by the largest Russian online-recruiting platform hh.ru. In addition, VSK was counted among the best employers in Russia by Forbes.
- VSK reaffirmed its top-grade (A.hr) employer attractiveness, based on a rating from the BusinessDrom analytical center.





Environmental protection

- Europlan supported the RusKlimatFond campaign, during which volunteers planted almost 8,000 spruce seedlings. The planting took place near the village of Chudovo in Bogdanovichsky District, Sverdlovsk Region. A total of 24,000 trees have been planted since 2019. The reforestation program helps reduce the carbon footprint.
- M.Video-Eldorado has partnered with FSC Russia to support the grants competition Save Forests – Save the Climate arranged by the Beautiful Children in a Beautiful World Charitable Foundation. In 2021, 13 different nature reserves and non-profit organizations received targeted funding. Their projects focus on forest conservation and restoration, forest fire prevention, and educational activities.
- In 2021, RussNeft planted about 1 mln seedlings. The company allocated more than RUB 110 mln to grow new trees on 227 hectares in the Khanty-Mansi Autonomous Area.
- RussNeft was recognized as the winner of the competition "The best oil and gas production company in Yugra in the field of environment protection." The judges' assessment was based on pipeline accident rates, the absence of oil-contaminated land, the use and neutralization of waste, and other aspects of the companies' activities.
- VSK supported the fight against cyanobacteria in Lake Baikal by providing life and health insurance to the members of the research expedition organized by the Lake Baikal Foundation for Support of Applied Ecological R&D.



Improving customer service

- In 2021, Europlan continued to improve the customer experience by upgrading business processes and introducing new services. According to customer satisfaction surveys, the customer loyalty index (NPS) was 81% compared to 69% in 2015.
- The BusinessDrom analytical agency confirmed the VSK's Quality Mark rating at the A1 level, the highest level of service quality.
- VSK Insurance House became one of the leaders in the popular ratings at Sravni.ru, particularly in the first half of 2021. VSK was singled out as the company with the fastest-growing positive rating in the insurance market and one of the best insurers in terms of solving the users' problems as promptly as possible.



Development of technological infrastructure

- In November 2021, GFN.RU launched a new server cluster in Novosibirsk. Investments in equipment amounted to RUB 300 mln. Previously, three server clusters were responsible for a fast connection to GFN.RU: two in Moscow and one in Yekaterinburg. The fourth server cluster allowed GFN.RU to expand its gaming infrastructure even further and bring cloud gaming to a whole new level. For residents of Siberia, the ping in multiplayer online games decreased several times, which improved performance and significantly increased the local gamers' chances to win. In the future, GFN.RU plans to improve the quality of connectivity in other regions of the country.



Community development

- In 2021, RussNeft allocated more than RUB 20 mln for compensation payments to indigenous minorities of the North. Compensation payments are directed towards purchasing equipment, construction materials, fuel and lubricants, and other necessities for forest camps.
- Europlan and the Smolensk Region Investment Development Corporation signed a cooperation agreement. The parties agreed to cooperate in attracting investments into the region's economy and creating favorable conditions for the development of small and medium-sized businesses in the Smolensk Region.



Waste management

- In 2021, Europlan began cooperating with the Roshal Industrial Park, one of the Moscow Region's first modern complexes for sorting and recycling solid municipal waste. The company transferred special equipment to the Progress recycling complex to ensure the necessary level of landfill compaction and thus eliminate ignition risks.
- In 2021, the volume of equipment (proprietary and customer-owned) and batteries collected under M.Video-Eldorado's electronic waste recycling program increased 1.5 times, to almost 1,550 tons.
- In 2021, M.Video-Eldorado launched a number of projects to reduce the environmental impact of its activities: collecting packaging and recyclables, sorting waste, installing reverse vending machines for aluminum cans and plastic bottles, and recycling obsolete and unused metal sales equipment.



Charity

- M.Video-Eldorado held a New Year charity event, allowing store visitors to buy cardboard Christmas tree ornaments; all of the retailer's proceeds were donated to the Beautiful Children in a Beautiful World Foundation to help children with maxillofacial pathology and support nature reserves and national parks around Russia.
- During 2021, RussNeft supported the charitable projects of Rovesnik (Peer) children's health center, and also rendered assistance to Podsolnukh (Sunflower) rehabilitation center for children and teenagers with special needs.
- In conjunction with the Arithmetic of Kindness Foundation, VSK organized multiple charity events in 2021, including VSK GO! and Lights of Kindness. In particular, more than 2,000 people across the country took part in the VSK GO! event. They completed long-distance treks, converting the kilometers traveled into prizes for themselves and into money for the Arithmetic of Kindness charitable foundation.



Helping the vulnerable members of society

- In April 2021, M.Video-Eldorado launched the Important Things grant competition for Russian NGOs. The winners receive household appliances and electronics worth up to RUB 500,000 for the implementation of programs to prevent child abandonment, help foster care graduates adapt to society, and systemically assist families in difficult situations.



Training programs for the public

- In March 2021, the ECA interregional public non-profit organization and M.Video-Eldorado Group launched Russia's first interactive course for schoolchildren on how to handle and dispose of electronic waste.
- In 2021, RussNeft continued to implement a joint educational project with the Gubkin Russian State University of Oil and Gas. As part of the program, students prepare for the Unified State Exam and for entering universities.
- VSK took part in opening mobile car parks in more than 10 regions across Russia. Centers for the prevention of children's road traffic injuries are being opened as part of a nationwide program aimed at reducing the number of road accidents involving children and adolescents of different ages.
- VSK and the Financial University have agreed to cooperate on the program for improving the public's financial literacy. As part of informational and educational materials aiming to promote financial literacy among adults, VSK representatives will provide advice on issues related to car, property, health insurance, and saving money.





Social and charitable projects

The SFI investment holding is one of the donors supporting the SAFMAR Charitable Foundation, which implements long-term social projects in the field of culture, sports, health, art, education, and spiritual enlightenment.

The Foundation's activities are overseen by the Advisory Board, the Board of Trustees, and the Revision Commission. The SAFMAR Charitable Foundation is a member of the Donors Forum, a non-profit partnership of grantmaking organizations that unites the largest charities in Russia. Members of the Donors Forum participate in the development of a professional philanthropic community in Russia and promote best practices in the field of philanthropy.

Key parameters of the Foundation's charitable activities in 2021:

10

charity areas

37

targeted charity programs

27

regions of Russia

RUB 2.5 BLN

of targeted funding

Principles of the SAFMAR Charitable Foundation's Programs in 2021

The Foundation is guided by the following principles in implementing its programs:

- | | | |
|-----------------------------------|---------------------------------|--------------------------------------|
| 1 information transparency | 2 financial transparency | 3 accountability |
| 4 targeting | 5 expert approach | 6 a significant social impact |

In 2021, SFI's contributions to the Foundation amounted to
RUB 60 MLN

While preparing its charity programs, the Foundation focuses on the stage-by-stage implementation principle. The pilot stage involves detailed examination and evaluation, making it possible to determine the strengths and weaknesses of its concept and administration and to calculate the costs of achieving the planned results. Large-scale charitable programs are implemented in active cooperation with a wide range of stakeholders. The Foundation is open to cooperation and ready for a partnership-focused dialog with all interested target audiences. It is motivated to develop and introduce new approaches and innovative technologies and methods to meet the needs of its beneficiaries more efficiently.

SAFMAR Charitable Foundation activities in 2021



Culture

Support of the largest cultural forums and festivals, targeted charitable assistance to young talents. Assistance to cultural institutions and creative groups in the regions, small towns, and rural areas.



Education

Implementation of joint educational projects with secondary and higher educational institutions around Russia. Supporting the improvement of pre-school, secondary, and higher education systems through the creation of innovative educational programs.



Churches

Restoration and construction of spiritual culture centers: Orthodox churches, mosques, synagogues. Revival of spiritual values. Implementation of charitable programs aimed at achieving a constructive dialog between the leading representatives of traditional faiths in Russia.



Support for the low-income people

Facilitating the comprehensive implementation of programs aimed at supporting low-income populations, including adaptation and social and personal fulfillment programs for inmates and future graduates of orphanages.



Sports

Implementation of programs aimed at the promotion of mass sports and promotion of activities in the field of physical culture.



Healthcare

Assistance in building up resources for the flagships of national medicine.



Museums

Joint cultural and educational projects with museum organizations, development of museum research facilities, replenishment, and maintenance of exhibitions, organization of exhibition events.



Gifted children

Implementation of programs aimed at developing the potential of gifted children, promoting activities in the field of youth creativity.



5

Consolidated
financial statements

Consolidated statement of financial position
as at 31 December 2021

(in thousands of Russian rubles, unless otherwise stated)

	Note	31 December 2021	31 December 2020
ASSETS			
Cash and cash equivalents	9	8,791,781	3,610,255
Financial instruments at fair value through profit or loss	10	13,186,933	13,222,258
Derivative financial instruments	11	644,612	–
Loans issued	6	1,921,568	–
Net investment in leases after impairment allowance	13	144,587,936	89,747,087
Reverse repurchase agreements and accounts receivable	14	1,388,798	486,976
Assets purchased and advances to suppliers for lease operations	15	3,548,018	1,725,235
Assets held for sale	12	–	283,235,635
Current income tax prepayment		523,394	160,362
Deferred tax assets	30	38,818	89,854
VAT recoverable		7,718,367	1,685,851
Property and equipment and right-of-use assets	16	3,342,135	1,693,000
Investments in associates	17	27,379,318	25,295,296
Goodwill	18	304,625	154,787
Other assets	19	3,729,849	4,688,653
Total assets		217,106,152	425,795,249
LIABILITIES			
Liabilities under non-state pension arrangements		–	264,337
Derivative financial instruments	11	11,882	48,698
Borrowings	20	92,325,019	74,085,085
Advances received from lessees		4,154,438	1,987,492
Bonds issued	21	54,763,969	19,575,903
Liabilities directly related to assets held for sale	12	–	260,721,927
Current income tax payable		26,315	187,080
Deferred tax liabilities	30	3,555,732	3,149,864
VAT payable		180,735	140,794
Lease liabilities		930,780	662,274
Other liabilities	22	4,179,812	3,739,077
Total liabilities		160,128,682	364,562,531
EQUITY			
Share capital	23	74,797	74,797
Additional paid-in capital	23	59,054,510	67,297,565
Treasury shares	23	(33,232,995)	(34,664,371)
Compulsory pension insurance reserve and insurance reserve	23	–	8,147,036
Cashflow hedge reserve		486,531	(35,736)
Retained earnings		30,939,149	20,373,070
Total equity attributable to shareholders		57,321,992	61,192,361
Non-controlling interests		(344,522)	40,357
Total equity		56,977,470	61,232,718
Total liabilities and equity		217,106,152	425,795,249

Approved for issue and signed on behalf of PJSC “SFI” on 7 April 2022.

Avet Mirakyan
CEO of PJSC “SFI”

Artem Astanin
CFO of PJSC “SFI”



Consolidated statement of profit or loss and other comprehensive income (continued)
for the year ended 31 December 2021

(in thousands of Russian rubles, unless otherwise stated)

	Note	2021	2020 ^[1]
Continuing operations			
Interest income calculated using the effective interest rate	24	295,277	201,872
Other interest income	24	18,836,019	14,222,952
Interest expense	24	(9,394,796)	(6,788,562)
Net interest income		9,736,500	7,636,262
Expected credit loss expense	25	(1,285,978)	(251,484)
Net interest income after expected credit loss expense		8,450,522	7,384,778
Share in net profit of associates	17	2,401,211	1,952,312
Net gains from financial instruments at fair value through profit or loss		(4,549,429),	3,835,451
Commission income		175,425	–
Net other income	27	7,126,927	4,295,132
Net other expenses		(378,116)	(340,253)
Net foreign exchange gains/(losses)		4,470	188,422
Total income from operations and finance income		13,231,010	17,315,842
Staff expenses	28	(5,667,758)	(4,112,028)
Other operating expenses	29	(2,391,064)	(1,363,561)
Other losses from impairment and provisions	25	(72,443)	(111,973)
Other income		193,980	9,174
Other expenses		(127,725)	(207,475)
Profit before income tax from continuing operations		5,166,000	11,529,979
Income tax expense	30	(1,771,509)	(2,089,975)
Net profit from continuing operations		3,394,491	9,440,004

[1] The amounts do not correspond to those in the consolidated financial statements for the year ended 31 December 2020 as they reflect adjustments made in connection with the termination of the respective activities as described in Note 12.

	Note	2021	2020 ^[1]
Discontinued operations			
(Loss)/profit before tax from discontinued operations	12	1,470,202	(12,990,751)
Income tax expense	12	(746,392)	(125,982)
Net (loss)/profit from discontinued operations		723,810	(13,116,733)
Net (loss)/profit for the period		4,118,301	(3,676,729)
Net (loss)/profit attributable to:			
Shareholders		4,172,916	(3,719,197)
Non-controlling interests		(54,615)	42,468
Other comprehensive income to be subsequently recognized in profit or loss			
Share of other comprehensive income of associates	17	(993,641)	37,818
Result from financial instruments in cash flow hedges		773,887	(79,616)
Reclassified to profit or loss		(121,053)	34,946
Effect of deferred income tax	30	(130,567)	8,934
Other comprehensive income for the period		(471,374)	2,082
Total comprehensive (loss)/income for the period		3,646,927	(3,674,647)
Total comprehensive (loss)/income attributable to:			
Shareholders		3,701,542	(3,717,115)
Non-controlling interests		(54,615)	42,468
(Loss)/earnings per share (expressed in Russian rubles per share)	23	83,54	(55,34)
Earnings per share from continuing operations (expressed in Russian rubles per share)	23	69,05	139,83

Consolidated statement of changes in equity
for the year ended 31 December 2021

(in thousands of Russian rubles, unless otherwise stated)

	Note	Share capital	Treasury shares	Additional paid-in capital	Compulsory pension insurance reserve and insurance reserve	Cashflow hedge reserve	Retained earnings	Total equity attributable to shareholders	Non-controlling interests	Total equity
BALANCE AT 1 JANUARY 2020		74,797	(11,355,122)	67,312,441	9,200,782	–	23,000,703	88,233,601	62,043	88,295,644
Net profit		–	–	–	–	–	(3,719,197)	(3,719,197)	42,468	(3,676,729)
Other comprehensive income		–	–	–	–	(35,736)	37,818	2,082	–	2,082
Total comprehensive income for the period		–	–	–	–	(35,736)	(3,681,379)	(3,717,115)	42,468	(3,674,647)
Acquisition of non-controlling interests		–	–	–	–	–	–	–	(25,610)	(25,610)
Acquisition and sale of treasury shares		–	(23,309,249)	(14,876)	–	–	–	(23,324,125)	–	(23,324,125)
Dividends paid	23	–	–	–	–	–	–	–	(38,544)	(38,544)
Changes in reserves for pension liabilities		–	–	–	(1,053,746)	–	1,053,746	–	–	–
BALANCE AT 31 DECEMBER 2020		74,797	(34,664,371)	67,297,565	8,147,036	(35,736)	20,373,070	61,192,361	40,357	61,232,718
Net (loss)/profit from continuing operations		–	–	–	–	–	3,449,106	3,449,106	(54,615)	3,394,491
Net (loss)/profit from discontinued operations		–	–	–	–	–	723,810	723,810	–	723,810
Other comprehensive income		–	–	–	–	522,267	(993,641)	(471,374)	–	(471,374)
Total comprehensive income for the period		–	–	–	–	522,267	3,179,275	3,701,542	(54,615)	3,646,927
Sale of shares in capital	12	–	5,952,638	(1,243,055)	(8,389,764)	–	806,912	(2,873,269)	–	(2,873,269)
Acquisition of non-controlling interests		–	–	–	–	–	(177,380)	(177,380)	(40,357)	(217,737)
Acquisition and sale of treasury shares	23	–	(4,521,262)	–	–	–	–	(4,521,262)	–	(4,521,262)
Acquisition of a subsidiary	8	–	–	–	–	–	–	–	(289,907)	(289,907)
Reallocation of additional paid-in capital to retained earnings	23	–	–	(7,000,000)	–	–	7,000,000	–	–	–
Changes in reserves for pension liabilities		–	–	–	242,728	–	(242,728)	–	–	–
BALANCE AT 31 DECEMBER 2021		74,797	(33,232,995)	59,054,510	–	486,531	30,939,149	57,321,992	(344,522)	56,977,470

Consolidated statement of cash flows
for the year ended 31 December 2021

(in thousands of Russian rubles, unless otherwise stated)

	2021	2020 ⁽⁹⁾
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	18,522,390	13,536,045
Gains of pension fund from placement of own funds, pension savings and pension reserves	2,687,912	16,651,516
Gains from insurance operations	2,509,603	1,908,363
Proceeds from financial intermediation services	1,848,295	2,723,439
Proceeds from disposal of repossessed assets	3,006,845	2,778,330
Interest paid	(9,532,131)	(6,366,732)
Cash paid to employees and payroll related taxes paid	(5,976,834)	(6,538,897)
Acquisition costs	–	(7,046)
Other receipts	3,202,138	2,004,992
Other payments	(3,006,457)	(3,191,418)
Cash flows from operating activities before changes in working capital	13,261,761	23,498,592
CHANGES IN OPERATING ASSETS/LIABILITIES		
Financial instruments at fair value through profit or loss	5,711,718	(75,618,003)
Deposits with banks	75,000	6,725,000
Net investment in leases	(3,955,695)	–
Reverse repurchase agreements and accounts receivable	(8,264,245)	57,163,123
Receipt of lease payments to repay net investments in leases and advances received from lessees	93,654,625	68,014,069
Payments received on leases	(150,926,172)	(90,680,025)
Acquisition of assets leased out under operating lease (Note 16)	(1,122,919)	(227,875)
Other assets	(3,968,417)	858,069
Pension liabilities	(2,979,704)	(4,715,579)
Other liabilities	376,655	649,381
Net cash used in operating activities before income tax	(58,137,393)	(14,333,248)
Income tax paid	(2,876,990)	(1,823,333)
Net cash used in operating activities	(61,014,383)	(16,156,581)

	2021	2020 ⁽⁹⁾
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	187,738	8,157
Purchase of property and equipment	(450,819)	(230,544)
Acquisition of a subsidiary	201,938	–
Proceeds on disposal of subsidiaries, net of cash disposed of	24,007,439	–
Dividends received	1,115,464	1,706,852
Net cash from / (used in) investing activities	25,061,760	1,484,465
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings received	67,517,602	45,236,225
Borrowings repaid	(48,996,325)	(23,238,566)
Bonds issued	37,135,085	3,090,192
Bonds repaid	(8,622,629)	(1,721,188)
Lease liabilities	(284,514)	(250,653)
Purchase of treasury shares	(5,281,674)	(6,590,827)
Advance payments for purchase of treasury shares	–	(2,800,000)
Proceeds from issue of treasury shares	–	366,702
Dividends paid	–	(38,544)
Acquisition of non-controlling interests	(805,079)	–
Net cash from financing activities	40,662,466	14,053,341
Effect of exchange rate changes on cash and cash equivalents	(189)	569,060
Effect of expected credit losses on cash and cash equivalents	(6,088)	4,205
Net (decrease)/increase in cash and cash equivalents	4,703,566	(45,510)
Cash and cash equivalents at the beginning of the period	4,088,215	4,133,725
Cash and cash equivalents at the end of the period (Note 9)	8,791,781	4,088,215



6

Appendices

Glossary

ACRA	ACRA Analytical Credit Rating Agency
CF	charitable foundation
GDP	gross domestic product
AA	annual accounts
A&S	affiliates and subsidiaries
VHI	voluntary health insurance
UBS	Unified Biometric System
UIAS	Unified Identification and Authentication System
SEB	sole executive body
ILI	investment-linked life insurance
KPI	key performance indicator
LC	leasing company
M	month
M	million
RUB m	million roubles
Bn	billion
RUB bn	billion roubles
SME	small and medium-sized entities
IFRS	International Financial Reporting Standards
PIT	personal income tax
NPF	non-governmental pension fund
NRA	National Rating Agency
CMTPL	compulsory motor third-party liability insurance
CDA FEC	Central dispatch administration of the fuel and energy complex
tn	trillion
'000	thousand
RAS	Russian Accounting Standards
IA	internal audit
CS	Corporate Secretary
AMC	asset management company
NIL	net investments in lease
GMV	gross merchandise value
IPO	initial public offering
SPO	secondary public offering
PwC	PwC company provides industry-focused assurance and advisory services, as well as tax and legal services

Appendices

In accordance with the Regulation On Information Disclosure by the Issuers of Issue-Grade Securities No. 714-P dated 27 march 2020, the appendices listed below shall be integral parts of SFI 2021 Annual Report and are available on the following disclosure websites: www.e-disclosure.ru and www.sfiholding.ru/en/:

- **Appendix 1.**
Corporate Governance Code compliance report;
- **Appendix 2.**
Annual consolidated IFRS financial statements for 2021 (with the auditor's report);
- **Appendix 3.**
Annual consolidated RAS accounting (financial) statements for 2021 (with the auditor's report);
- **Appendix 4.**
Major transactions approved by the Company's governance bodies in 2021;
- **Appendix 5.**
Interested-party transactions report for 2021.



[e-disclosure.ru]



[sfiholding.ru/en/]



Contacts PJSC "SFI"

Address: Bolshoy Ovchinnikovsky Lane, building 16, floor 4, room 424, Zamoskvorechye, Moscow, Russia, 115184
Tel.: +7 495 901 0361
E-mail: info@sfiholding.ru
Website: www.sfiholding.ru

For shareholders

Deputy director of the legal department, specialist in corporate governance and information disclosure
Elena Nefedova
Tel.: +7 495 901 0361
E-mail: Nefedova@sfiholding.ru

For investors and media

Communications and investor relations department
Tel.: +7 495 901 0361
E-mail: ir@sfiholding.ru, pr@sfiholding.ru

Registrar

Servis Reestr JSC
Address: 12 Stretenka St., Moscow, Russia
Tel.: +7 495 608 1043, +7 495 783 0162
E-mail: sekr@servis-reestr.ru
Working hours
MON-THU: from 9:00 to 16:00
FRI: from 9:00 to 13:00
Website: www.servis-reestr.ru

Auditor

Ernst & Young LLC
Address: 77 Sadovnicheskaya nab., bld. 1, Moscow, Russia
Tel.: +7 495 755 9700
Fax: +7 495 755 9700
E-mail: moscow@ru.ey.com

