

Appendices




to the Annual Report




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Report on complying

with the principles and recommendations of the Corporate Governance Code

The Board of Directors confirms that the data provided in this report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2021.

-  Complied with
-  Partially complied with
-  Not complied with

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their corporate governance rights.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered	1. The company provides accessible means of communication with the company, such as a "hotline", e-mail, or online forum, to enable shareholders to express their opinion and send questions on the agenda in preparation for the general meeting. The above means of communication were organized by the company and made available to shareholders in the course of preparation for each general meeting held in the reporting period.		—
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting	1. In the reporting period the notice of an upcoming general meeting of shareholders is posted (published) on the company's website on the Internet no later than 30 days prior to the date of the general meeting, unless a longer period is required by law 2. The notice of an upcoming meeting indicates the documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and who proposed nominees to the company's board of directors and the revision committee (if its establishment is stipulated by the company's Articles of Association).		—
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company's executive bodies and the board of directors, and to communicate with each other	1. In the reporting period shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in the course of preparation for, and during, the general meeting. 2. The position of the board of directors (including dissenting opinions (if available) entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting. 3. The company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, for all general meetings held in the reporting period.		—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company's governing bodies, and to make proposals for the agenda of the general meeting	1. The company's Articles of Association defines the deadline for shareholders to submit proposals to the agenda of the annual general meeting which shall be at least 60 days after the end of the respective calendar year. 2. In the reporting period the company did not reject any proposals for the agenda or nominees to the company's governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.	<div></div>	—
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way	1. The company's Articles of Association provides for an opportunity to fill in the electronic form of the ballot online the web address of which is specified in the notice on holding of the general meeting of shareholders.	<div></div>	<p>The criterion for compliance with this paragraph of the Report is new, the specified amendments have not yet been reflected in the Company's corporate governance practice.</p> <p>The possibility and necessity of introducing the relevant amendments to the Company's Articles of Association is planned to be considered before the annual general meeting of shareholders, which will be held for 2023.</p> <p>However, the majority of the Company's shareholders (over 97%) are clients of nominal holders and participate in the meeting by sending electronic documents to the registrar containing their expression of will on the agenda items of the general meeting.</p>

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions	1. During general meetings of shareholders held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of, the agenda items. Shareholders had an opportunity to express their opinions and to ask questions on the agenda. 2. The company invited candidates to the company's governing and control bodies and took all necessary measures to ensure their participation in the general meeting of shareholders at which their nominations were put to vote. The candidates to the company's governing and control bodies who were present at the general meeting of shareholders were available to answer questions of shareholders. 3. The sole executive body, the person responsible for the accounting, the chairman or the other members of the board of directors' audit committee were available to answer shareholders' questions at the general meetings of shareholders held in the reporting period. 4. In the reporting period the company used telecommunication means to ensure the remote participation of shareholders at general meetings, or the board of directors made a reasonable decision on the fact there was no need (opportunity) to use such means in the reporting period.	<div></div>	<p>Criteria 2 and 3 are only partially not complied with. Criterion 4 is not complied with.</p> <p>Company's internal documents set out the possibility for candidates to the management and supervision bodies of the Company, as well as for the sole executive body, a person responsible for the accounting, and other bodies of the Company to participate at the meeting in person. However, in the reporting year, due to the epidemiological situation and in accordance with Federal Law No. 17-FZ dated 24 February 2021, the general shareholder meetings were held in the form of absentee.</p> <p>However, these persons are always available to answer questions – shareholders are able to address their questions regarding the Company's operation through the Investor Relations department or the Corporate Governance department.</p> <p>The Board of Directors did not consider the issue of providing shareholders with remote access to take part in general meetings during the reporting period because the majority of the Company's shareholders (over 97%) are clients of nominal holders and participate in the meeting by sending electronic documents to the registrar containing their expression of will on the agenda items of the general meeting.</p> <p>The possibility and necessity of such a practice is planned to be considered before the annual general meeting of shareholders, which will be held for 2023.</p>

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.2	Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.			
1.2.1	The company has developed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure	1. The company's regulations on the dividend policy have been approved by the board of directors and disclosed on the company's website on the Internet. 2. If the company's dividend policy that prepares the consolidated financial statements uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements. 3. The explanation of the proposed net profit distribution, including payment of dividends and the company's own needs, and the assessment of its compliance with the dividend policy adopted by the company, with clarifications and economic explanation of the requirement to direct a certain part of net profit to the company's needs in the reporting period, were included in the materials for the general meeting of shareholders, the agenda of which contains an item on profit distribution (including the payment (declaration) of dividends).	<div></div>	—
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance	1. In addition to the restrictions established by law, the company's regulations on the dividend policy identify financial/ economic circumstances under which the company shall not make decisions on the dividend payment.	<div></div>	—
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired	1. In the reporting period the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	<div></div>	—
1.2.4	The company makes every effort to prevent its shareholders profiting from the company through any means other than dividends and liquidation value	1. In the reporting period the means of profiting from the company by the controlling persons, other than dividends (for example, through the transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans replacing dividends to the controlling persons and (or) its controlled persons) were not used.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.3	The corporate governance system and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governing and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders	1. In the reporting period the company's controlling persons did not abuse their rights with respect to the company's shareholders, there were no conflicts between the company's controlling persons and shareholders, and if such conflicts occurred, the board of directors paid due attention to them.	<div></div>	—
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control	1. No quasi-treasury shares were issued or used to vote in the reporting period.	<div></div>	<p>Since 2018 the Company has a long-term incentive programme for executive bodies and other key employees of the Company with the use of the Company's shares, it has been planned for 5 years.</p> <p>The current legislation provides for the right of shareholders to participate in the management of a joint-stock company by participating in general shareholder meetings with the right to vote on all matters within its competence. The Company shareholders, including those controlled by the Company, are not restricted in the exercise of their rights established by securities.</p> <p>Moreover, the actual share of quasi-treasury shares is extremely small and is consistently decreasing. The participation of these shares in voting at general shareholders meetings does not result in the artificial redistribution of corporate control in the Company.</p> <p>At the annual general meetings held for 2018 and 2019, at the suggestion of shareholders, the proposal of changing the Company's Articles of Association in terms of the obligation of the Company to take measures aimed at limiting voting rights of shares owned by legal entities controlled by the Company was considered.</p> <p>On both occasions, the shareholders did not support such amendments to the Company's Articles of Association.</p> <p>The possibility and necessity of such a practice is planned to be considered before the annual general meeting of shareholders, which will be held at the end of 2023.</p>

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4.1	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance	1. The technologies and terms of provided services used by the company's registrar meet the needs of the company and its shareholders and ensure the account of rights for shares and realization of shareholders' rights in the most efficient way	<div></div>	—
2.1	The board of directors provides strategic management of the company, determines key principles of, and approaches to, setting up a corporate risk management and internal control system, oversees the activities of the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including due to improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. In the reporting period the nomination (appointments and HR) committee reviewed the compliance of the professional expertise, skills and experience of the members of the executive bodies with the company's current and expected needs determined by the company's approved strategy. 3. In the reporting period the board of directors reviewed the report(s) by the sole executive body or the collective executive body (if available) on the implementation of the company's strategy.	<div></div>	—
2.1.2	The board of directors sets key long-term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), as well as criteria and performance (including interim) of the company's strategy and business plans.	<div></div>	—
2.1.3	The board of directors defines the company's principles of, and approaches to, setting up a risk management and internal control system	1. The company's principles of, and approaches to, setting up a risk management and internal control system were defined by the board of directors and specified in the company's internal documents determining the risk management and internal control system policy. 2. In the reporting period the board of directors approved (revised) the appropriate amount of risks (risk appetite) of the company, or the audit committee and (or) risk management committee (if available) considered if it was reasonable to submit the issue of revising the company's risk appetite for consideration by the board of directors.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.1.4	The board of directors defines the company's policy on remuneration payable to, and/or reimbursement (compensation) of costs incurred by, members of the board of directors, the company's executive bodies, and other key executives of the company	1. The company has developed, approved by the board of directors and put in place a remuneration and reimbursement (compensation) policy (policies) for its directors, members of executive bodies and other key executives. 2. At its meetings in the reporting period, the board of directors discussed matters related to such policy (policies).	<div></div>	—
2.1.5	The board of directors plays a key role in preventing, identifying, and resolving internal conflicts between the company's bodies, shareholders, and employees	1. The board of directors plays a key role in preventing, identifying, and resolving internal conflicts. 2. The company has set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts.	<div></div>	—
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents	1. Persons responsible for implementing the information policy are identified in the company's internal documents.	<div></div>	—
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company	1. In the reporting period the board of directors reviewed the results of self-assessment and (or) external assessment of the company's corporate governance practices.	<div></div>	—
2.2	The board of directors is accountable to the company's shareholders.			
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders	1. The company's annual report for the reporting period includes the information on attendance of the board of directors and committee meetings by each member of the board of directors. 2. The annual report discloses key performance assessment (self-assessment) results of the board of directors in the reporting period.	<div></div>	—
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders	1. The company has a transparent procedure in place enabling its shareholders to forward inquiries to the chairman of the board of directors (and, if applicable, to the senior independent director) and receive feedback on them.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.3	The board of directors manages the company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the company and its shareholders.			
2.3.1	Only persons of impeccable business and personal reputation who have the knowledge, expertise, and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors	1. In the reporting period the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, expertise, business reputation, absence of conflicts of interest, etc.	<div></div>	—
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities	1. Whenever the agenda of the general meeting of shareholders included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of assessment of the compliance of the professional expertise, skills and experience of the nominees with the company's current and expected needs, carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102 - 107 of the Code, as well as information on availability of the nominees' written consent to be elected to the board of directors.	<div></div>	—
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise, and business skills, and it has the trust of shareholders	1. In the reporting period the board of directors reviewed its requirements to professional expertise, experience and skills and defined expertise essential to the board of directors in the short and long term.	<div></div>	—
2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including the ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote	1. In the reporting period the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	An independent director is a person who is sufficiently professional, experienced, and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders, or other stakeholders. It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty, or competitor of the company, or is related to the government, may not be considered as independent under normal circumstances	1. In the reporting period all independent directors met all independence criteria set out in Recommendations 102-107 of the Code, or were deemed independent by resolution of the board of directors.	<div></div>	—
2.4.2	The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance prevails over form	1. In the reporting period the board of directors (or its nomination committee) made a judgement on the independence of each nominee to the board of directors and provided its opinion to shareholders. 2. In the reporting period the board of directors (or its nomination committee) reviewed, at least once, the issue on independence of incumbent directors (after their election). 3. The company has in place procedures defining the actions to be taken by directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.	<div></div>	—
2.4.3	Independent directors make up at least one third of elected directors	1. Independent directors make up at least one third of directors.	<div></div>	—
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions	1. Independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interest in the reporting period and submitted the results to the board of directors.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5	The chairman of the board of directors ensures that the board of directors discharges its duties in the most efficient way.			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairman of the board of directors is chosen from among the elected independent directors	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights, and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	<div></div>	—
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors	1. Performance of the chairman of the board of directors was assessed as part of assessment (self-assessment) of the board of directors' performance in the reporting period.	<div></div>	—
2.5.3	The chairman of the board of directors takes all steps necessary or the timely provision to directors of information required to pass resolutions on agenda items	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of complete and reliable information for the agenda of a board meeting.	<div></div>	—
2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.			
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks	1. The company's internal documents stipulate that a director should notify the board of directors of any existing conflict of interest as to any agenda item of a meeting of the board of directors or its committee, prior to discussing the relevant agenda item. 2. The company's internal documents stipulate that a director should abstain from voting on any item in connection with which they have a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.	<div></div>	—
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents	1. The company has adopted and published an internal document that clearly defines the rights and duties of directors.	<div></div>	—
2.6.3	Directors have sufficient time to perform their duties	1. Individual attendance at board and committee meetings, as well as the sufficiency of time for work on the board of directors, including its committees, was analysed as part of the procedure of assessment (self-assessment) of the board of directors' performance in the reporting period. 2. Under the company's internal documents, directors notify the board of directors of their intentions to be elected to governing bodies of other entities (apart from the entities controlled by the company), and of their election to such bodies.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible	1. Under the company's internal documents, directors are entitled to receive information and documents necessary for the board of directors' members to perform their duties and related to the company and its controlled entities, while executive bodies of the company should ensure the provision of the relevant information and documents. 2. The company carries out a formalised induction programme for newly elected members of the board of directors.	<div></div>	—
2.7	Meetings of the board of directors, preparation for such meetings, and participation of directors ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time	1. The board of directors held at least six meetings in the reporting year	<div></div>	—
2.7.2	The company's internal regulations formalize a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to properly prepare for such meetings	1. The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and stipulates, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting. 2. In the reporting period members of the board of directors who were not able to attend the meeting of the board of directors were provided with an opportunity to participate in the discussion of agenda items and voting remotely – by means of conference and video conference communication.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person	1. The company's Articles of Association or internal document provides for the most important matters (including those listed in Recommendation 168 of the Code) to be passed at meetings of the board of directors held in person.	<div></div>	<p>In the opinion of the Company, the development of modern telecommunications technologies practically eliminates the differences in the effectiveness of in person and absentee formats of meetings of the Board of Directors. The most important issues included in the agenda of meetings of the Board of Directors are preliminarily considered by the relevant committees of the Board of Directors and are comprehensively discussed by members of the Board of Directors before voting, including absentee form of voting.</p> <p>The Company believes that transferring a large number of meetings of the Board of Directors to in person format is not economically feasible.</p> <p>Taking into account the epidemiological situation that developed over the past few years and the related limitations, in person meetings for the Company were not possible.</p> <p>In the future, the Company plans to maintain this approach to holding meetings and to develop the use of modern telecommunication technologies when planning meetings and making decisions.</p>
2.7.4	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person	1. The company's Articles of Association provides for resolutions on the most important matters, including those set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.	<div></div>	—
2.8	Resolutions on most important matters relating to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected directors.			
2.8.1	An audit committee comprised of independent directors is set up to preview matters related to controlling the company's financial and business activities	1. The board of directors set up an audit committee comprised solely of independent directors. 2. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the Code. 3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing, and auditing accounting (financial) statements. 4. In the reporting period meetings of the audit committee were held at least once a quarter.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors	1. The board of directors set up a remuneration committee comprised solely of independent directors. 2. The remuneration committee is headed by an independent director who is not the chairman of the board of directors. 3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, and conditions (events), upon the occurrence of which the remuneration committee considers the revision of the company's remuneration policy for members of the board of directors, executive bodies and other key executives.	<div></div>	<p>Criterion 3 is only partially complied with.</p> <p>The Company's internal documents do not specify the specific conditions, upon the occurrence of which the remuneration committee considers the issue of revising the Company's remuneration policy for the members of the Board of Directors, executive bodies and other key executives.</p> <p>The criterion for compliance with this paragraph of the Report is new, therefore the specified amendments have not yet been reflected in the Company's corporate governance practice.</p> <p>The possibility and necessity of introducing the relevant amendments to the internal documents is planned to be considered before the annual general meeting of shareholders, which will be held at the end of 2023.</p> <p>However, the HR and Remuneration Committee considers remuneration issues on a regular basis.</p>
2.8.3	To preview matters related to talent management (succession planning), professional composition, and efficiency of the board of directors, a nomination (appointments and HR) committee was set up, predominantly comprised of independent directors	1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors. 2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code. 3. For the purpose of forming the board of directors that meets the company's goals and objectives most fully, in the reporting period the nomination committee, on its own or jointly with other board of directors' committees or the company's authorised shareholder relations unit, organised the engagement with shareholders, not limited to the largest shareholders, in the context of choosing nominees to the company's board of directors.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.)	1. In the reporting period the company's board of directors considered whether the structure of the board of directors was in line with the scale and scope, business goals and requirements, and the risk profile of the company. Additional committees were either set up or not deemed necessary.	<div></div>	—
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions	1. The audit committees, remuneration committee, nomination committee (or the relevant committee with a combined function) were headed by independent directors in the reporting period. 2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or the relevant committee with a combined function), and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.	<div></div>	—
2.8.6	Committee chairmen inform the board of directors and its chairman on the performance of their committees on a regular basis	1. In the reporting period committee chairmen reported to the board of directors on the performance of committees on a regular basis.	<div></div>	—
2.9	The board of directors ensures performance assessment of the board of directors, its committees, and members of the board of directors.			
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's growth requirements, as well as at bolstering the work of the board of directors and identifying areas for improvement	1. The procedures of conducting the assessment (self-assessment) of the board of directors' performance are determined in the company's internal documents. 2. Assessment (self-assessment) of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual assessment of directors, and the board of directors in general. 3. Results of assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at the meeting of the board of directors held in person.	<div></div>	Criterion 1 is not complied with. This criterion is new, the procedures of conducting the assessment (self-assessment) of the Board of Directors' performance are not formalized in the internal documents. However, the assessment of performance of the Board of Directors and Committees of the Board of Directors is carried out annually by the Board of Directors' HR and Remuneration Committee on a regular basis. Also, an independent assessment of the Board of Directors' performance was carried out in 2021. The possibility and necessity of introducing the relevant amendments to the internal documents is planned to be considered before the annual general meeting of shareholders, which will be held at the end of 2023.

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.9.2	Performance of the board of directors, its committees and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance	1. The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	<div></div>	—
3.1	The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinate the company's efforts to protect shareholder rights and interests and support efficient performance of the board of directors.			
3.1.1	The corporate secretary has the expertise, experience, and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders	1. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report (including information on age, education, expertise, experience), and information on positions in the governing bodies of other legal entities held by the corporate secretary for at least the last five years.	<div></div>	—
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks	1. The company has adopted and published an internal document – regulations on the corporate secretary. 2. The board of directors approves the nominee to the position of the corporate secretary and terminates his powers, considers the additional remuneration to him. 3.The company's internal documents stipulate the right of the corporate secretary to request, receive documents and information from the company's governing bodies, structural units and officials.	<div></div>	—
4.1	Remuneration payable by the company is sufficient to attract, motivate, and retain people with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies, and other key executives of the company is in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to directors, executive bodies, and other key executives creates sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees	1. Remuneration of members of the board of directors, executive bodies, and other key executives of the company is determined based on the results of a comparable analysis of the level of remuneration in comparable companies.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required	1. In the reporting period the remuneration committee considered the remuneration policy (policies) and (or) its (their) introduction practices, carried out the assessment of its (their) efficiency and transparency and provided relevant recommendations on the revision of the policy (policies) to the board of directors as required.	<div></div>	—
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates all types of expenses, benefits, and privileges provided to such persons	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates (regulate) all types of expenses, benefits, and privileges provided to such persons.	<div></div>	—
4.1.4	The company defines a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies, and other key executives of the company may claim. Such policy can make part of the company's remuneration policy	1. The remuneration policy (policies) defines (define) the rules for reimbursement of expenses incurred by directors, executive bodies, and other key executives of the company.	<div></div>	—
4.2	Remuneration system for directors ensures alignment of financial interests of directors with long-term financial interests of shareholders.			
4.2.1	The company pays fixed annual remuneration to its directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for its directors	1. In the reporting period the company paid remuneration to the board of directors' members in accordance with the remuneration policy adopted by the company. 2. In the reported period the company did not apply any forms of short-term motivation, additional financial motivation, the payment of which depends on the results (indicators) of the company's performance in relation to the board of directors' members. Payment of remuneration for the participation in meetings of the board of directors or committees of the board of directors were not made.	<div></div>	—
4.2.2	Long-term ownership of the company's shares helps align the financial interests of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	<div></div>	—
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of executive bodies and other key executives of the company.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution	1. In the reporting period annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the remuneration system for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies efficient ratio of the fixed and variable parts of remuneration. 3. When determining the amount of remuneration to be paid to the members of the executive bodies and other key executives of the company, the risks incurred by the company are taken into account in order to avoid incentives to take excessively risky management decisions.	<div></div>	—
4.3.2	The company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset)	1. If the company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares), the programme implies that the right to dispose of shares and other financial instruments takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	<div></div>	<p>The Board of Directors approved the Long-Term Incentive Programme. The Programme is designed to motivate management to increase the market capitalisation of the Company supported by EBITDA growth. The Programme includes remuneration in the form of shares and options in annual tranches. Remuneration will depend on the share price. The Programme is designed for five years. There are no restrictions on the disposal of shares received under the Programme</p> <p>Instead of a restriction of the disposal of shares (and the dependance of the right of disposal on the achievement of indicators), it provides for a dependance of the granting of shares on the achievement of certain indicators and the deferred provision of shares in each of the annual tranches in parts over 3 years, and the loss of participants' right to receive tranches (parts of tranches) in case of resignation from the Company.</p> <p>The Company finds this approach to the provision of shares as part of the long-term incentive most reasonable and plans to follow it in the future.</p>

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3.3	The compensation ("golden parachute") payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration	1. In the reporting period the compensation ("golden parachute") payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	<div></div>	—
5.1	The company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.			
5.1.1	The company's board of directors determined the principles of, and approaches to, setting up a risk management and internal control system at the company	1. Functions of different management bodies and business units of the company in the risk management and internal control system are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	<div></div>	—
5.1.2	The company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system at the company	1. The company's executive bodies ensured the distribution of duties, powers, responsibilities related to risk management and internal control between the heads (managers) of business units and departments accountable to them.	<div></div>	—
5.1.3	The company's risk management and internal control system ensures an objective, fair, and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure	1. The company has in place an approved anti-corruption policy. 2. The company established a safe, confidential and accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures and code of ethics.	<div></div>	—
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its setup and efficient functioning determined by the board of directors	1. In the reporting period the board of directors (the audit committee and (or) the risk management committee (if available) organized the assessment of the reliability and efficiency of the risk management and internal control system. 2. In the reporting period the board of directors reviewed the results of assessment of the reliability and efficiency of the company's risk management and internal control system. Information on the results consideration is included in the company's annual report.	<div></div>	—
5.2	The company performs internal audits for regular independent assessment of the reliability and efficiency of its risk management and internal control system, as well as corporate governance practice.			
5.2.1	The company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company has set up a separate business unit – internal audit division, functionally reporting to the board of directors, or engaged an independent external organization with the same line of reporting.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.2.2	The internal audit division assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance system, applies generally accepted standards of internal audit	1. In the reporting period the reliability and efficiency of the risk management and internal control system were assessed as part of the internal audit procedure. 2. In the reporting period the corporate governance practice (certain practices) was (were) assessed as part of the internal audit procedure, including the procedures of the information interaction (including internal control and risk management issues) at all levels of the company's management, as well as stakeholders engagement.	<div></div>	—
6.1	The company and its operations are transparent for its shareholders, investors, and other stakeholders.			
6.1.1	The company has developed and implemented an information policy ensuring efficient exchange of information by the company, its shareholders, investors, and other stakeholders	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. In the reporting period the board of directors (or one of its committees) considered the issue on the efficiency of information engagement of the company, shareholders, investors and other stakeholders, and considered if it was reasonable (necessary) to revise the company's information policy.	<div></div>	—
6.1.2	The company discloses information on its corporate governance system and practice, including detailed information on compliance with the principles and recommendations of the Code	1. The company discloses information on its corporate governance system and general principles of corporate governance, including disclosure on its website. 2. The company discloses information on the membership of its executive bodies and board of directors, independence of directors and their membership in the board of directors' committees (as defined by the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance.	<div></div>	—
6.2	The company makes timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company discloses information based on the principles of regularity, consistency, and promptness, as well as availability, reliability, completeness, and comparability of disclosed data	1. The company has a procedure ensuring coordination of work of all structural units and employees of the company who are related to information disclosure or whose operation may result in the requirement to disclose information. 2. If the company's securities are traded on foreign organised markets, the company ensured concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting year. 3. If foreign shareholders hold a material portion of the company's shares, the relevant information was disclosed in the reporting period both in the Russian language and one of the most widely used foreign languages.	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law	<p>1. The company's information policy determines approaches to the disclosure of information on other events (actions) that have a significant impact on its securities' prices, the disclosure of which is required by law.</p> <p>2. The company discloses information on its capital structure, as stated in recommendation 290 of the Code, in its annual report and on the corporate website.</p> <p>3. The company discloses information on the controlled entities which are material for the company, including key areas of their operation, on tools ensuring accountability of the controlled entities, authorities of the company's board of directors in terms of determination of the strategy and assessment of the performance of the controlled organization.</p> <p>4. The company discloses a non-financial report – sustainability report, environmental report, corporate social responsibility report or other report containing non-financial information, including factors related to the environment (including environmental and climate change factors), society (social factors) and corporate governance, except for the report of the issuer of securities and the company's annual report.</p>	<div></div>	<p>Criterion 2 is only partially complied with.</p> <p>The obligation to disclose information, including in the form of the issuer's report (issuer's quarterly reports), applies to the Company since 2006, while the Company, within the framework of compliance with the legislation on disclosure of information, discloses the information received on the number of shareholders of the Company, information on the number of voting shares broken down by categories (types) of shares, as well as the number of shares at the disposal of the Company and legal entities controlled by it, information on persons who directly or indirectly own shares and (or) dispose of votes on shares constituting five or more percent of the authorised capital or ordinary shares of the Company and other information required by applicable law, in the form of statements of material facts and as part of annual, quarterly reports (issuer's reports) and lists of affiliates, which are disclosed on the website on the Internet.</p> <p>At the same time, the Company has not determined the procedure for disclosing specific additional information about the Company's capital structure, as specified by Recommendation 290 of the Code, namely: statements of the Company's executive bodies indicating that the Company has no information about the existence of shareholdings exceeding five percent, other than those already disclosed by the Company. The matter of whether these provisions can and need to be included in the Company's internal documents and corporate governance practice is expected to be considered before the annual general shareholders meeting for 2022.</p> <p>Even though information about the absence of such knowledge on the part of the Company is not disclosed as a statement of the executive bodies, this does not result in any information being concealed with regard to the Company's capital structure in accordance with Clause 290 of the Code.</p> <p>The Company avoids a formalistic approach in the disclosure of material information about its activities.</p>

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2.3	The company's annual report, as one of the most important tools of its information exchange with shareholders and other stakeholders, contains information enabling assessment of the company's annual performance results	<p>1. The company's annual report contains information on results of the assessment of the efficiency of external and internal audit.</p> <p>2. The company's annual report contains information on the company's environmental protection and safety policy, social policy of the company.</p>	<div></div>	—
6.2	The company provides information and documents requested by its shareholders in accordance with the principles of fairness and ease of access.			
6.3.1	Shareholders' rights to access the company's documents and information are not exercised with any unreasonable difficulties.	<p>1. The company's information policy (internal documents determining the information policy) establishes (establish) the procedure for providing shareholders with easy access to information and documents of the company, as requested by shareholders.</p> <p>2. The company's information policy (internal documents determining the information policy) contains (contain) provisions stipulating that if a shareholder requests information on the entities controlled by the company, the company shall make the necessary efforts to obtain such information from the relevant entities controlled by the company.</p>	<div></div>	<p>Criterion 2 is not complied with.</p> <p>This criterion of compliance with the Report is new.</p> <p>This recommendation of the Corporate Governance Code is not directly specified in the Company's information policy.</p> <p>However, in the reporting year the Company adopted a new edition of the Regulations on the information policy which, among other issues, takes into account the recommendations of the Corporate Governance Code.</p> <p>In practice, the Company provides information on the Company's performance at the requests of shareholders, makes necessary efforts to obtain information from the relevant entities controlled by the Company, and in addition to the information, the disclosure requirements of which are stipulated by the current legislation, the Company on its own initiative discloses a large amount of information on the legal entities controlled by the Company that are material for the Company. In practice, access to the information on the Company's performance is not hindered.</p> <p>The Company finds this approach most reasonable and plans to follow it in the future.</p>
6.3.2	When providing information to shareholders, the company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitive edge	<p>1. In the reporting period, the company did not refuse shareholders' requests for information, or such refusals were justified.</p> <p>2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.</p>	<div></div>	—

Report on complying with the principles and recommendations of the Corporate Governance Code (continued)

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1	Actions that materially affect or may affect the company's share capital structure and its financial position, and accordingly the position of its shareholders ('material corporate actions') are taken on fair terms ensuring that the rights and interests of shareholders and other stakeholders are observed.			
7.1.1	Material corporate actions include restructuring of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's charter capital, listing or delisting of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's Articles of Association provides for a list (criteria) of transactions or other actions classified as material corporate actions within the authority of the company's board of directors. The board of directors plays a key role in passing resolutions or making recommendations on material corporate actions, relying on the opinions of the company's independent directors.	1. The company's Articles of Association include a list (criteria) of transactions or other actions classified as material corporate actions. Resolutions on material corporate actions are referred by the company's Articles of Association to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general meeting of shareholders, the board of directors presents relevant recommendations to shareholders.	<div></div>	—
7.1.2	The board of directors plays a key role in passing resolutions or making recommendations on material corporate actions, relying on the opinions of the company's independent directors	1. The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	<div></div>	—
7.1.3	When taking material corporate actions affecting the rights and legitimate interests of shareholders, equal terms and conditions are guaranteed for all shareholders; if the statutory procedure designed to protect shareholders' rights proves insufficient, additional measures are taken to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Due to the specifics of the company's operations, the company's Articles of Association include the approval of other transactions that are material to the company, in addition to transactions established by law, to the board of directors' authorities. 2. All material corporate actions in the reporting period were duly approved before they were taken.	<div></div>	—

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.2	The company takes material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when taking such actions.			
7.2.1	Information about material corporate actions is disclosed with explanations of the grounds, circumstances, and consequences	1.If in the reporting period the company performed material corporate actions, the company disclosed information on such actions in due time and in detail, including the grounds for, and of, such actions and consequences of such actions for shareholders.	<div></div>	—
7.2.2	Rules and procedures related to material corporate actions taken by the company are set out in the company's internal documents	1. The company's internal documents determine cases and a procedure for engaging an appraiser to estimate the value of assets either disposed of or acquired in a major transaction or an interested party transaction. 2. The company's internal documents set out a procedure for engaging an appraiser to estimate the value of shares acquired and bought back by the company. 3. If there is no formal interest of a member of the board of directors, the sole executive body, a member of the collegial executive body of the company or a controlling person of the company, or a person entitled to give instructions obligatory for the company, in the company's transactions, but there is a conflict of interests or other actual interest, the company's internal documents specify that such persons shall not participate in voting on the approval of such transaction.	<div></div>	Criteria 1 and 2 are only partially not complied with. The Company's internal documents provide for the procedure of engaging experts to obtain professional advice on matters considered at meetings of the Board of Directors without specifying the purpose of engaging such experts. Current law stipulates cases of the mandatory engagement of an independent appraiser. Moreover, applicable law does not rule out the option of engaging an appraiser in any of the specified cases (determining the value of property that is disposed of or acquired in a major transaction or a related party transaction, or assessment of the cost of acquisition and redemption of company shares). The possibility and necessity of bringing the Company's internal documents in compliance with the Code's recommendation is planned to be considered before the annual general meeting of shareholders, which will be held at the end of 2023.

Major transactions

During the reporting year, there were no transactions that are recognised as major transactions in accordance with the Federal Law “On Joint-Stock Companies”.

Related party transactions

During the reporting year, there were no transactions that are recognised as related party transactions in accordance with the Federal Law "On Joint Stock Companies".

Management

Statement of Responsibility

I hereby confirm that:

- the financial statements prepared in accordance with International Financial Reporting Standards represent an accurate and fair reflection of the Company's assets, liabilities, financial position, profits, and losses as well as those of its consolidated subsidiaries as a whole; and
- the management report includes a fair description of the development and performance of business operations and the Company's position as well as that of its consolidated subsidiaries as a whole along with a description of the main risks and uncertainties they face.

Chairman of the Management Board,
President and CEO

Jan Gezinus Dunning

The Annual Report was preliminary approved by the Board of Directors on 27 April 2022.

Glossary

Average ticket	a figure calculated by dividing total sales at all stores during the relevant year by the number of tickets in that year
CAPEX	the money an organisation or corporate entity spends to buy, maintain, or improve its fixed assets, such as buildings, vehicles, equipment, or land
Consumer Confidence Index (CCI)	a survey, administered by The Conference Board, which measures how optimistic or pessimistic consumers are regarding their expected financial situation
Customer Decision Tree (CDT)	a graphical representation of a customer's buying decision process expressed in a tree format
CPI (Consumer Price Index)	a price index that measures changes in the price level of a weighted average market basket of consumer goods and services for a certain period of time
Cross-docking	is a transshipment platform used to consolidate incoming products for outgoing destinations
CSR (Corporate Social Responsibility)	a responsible attitude in managing a company's impact on a range of stakeholders: customers, colleagues, investors, suppliers, the community and the environment
CVP	Customer Value Proposition
Drogerie	a retail store selling beauty, hygiene and household related products as well as certain non-prescription medications
End-to-end process (E2E process)	a process which takes a method or service from its beginning to its end, delivering a complete functional solution
EGAIS	national automated information system for the control of alcohol production and distribution
ERP (Enterprise Resource Planning)	integrated management of main business processes, often in real time and mediated by specialised software and technology
EVP	Employer Value Proposition
Federal state informational system "Mercury"	automated system for electronic certification of goods subject to state veterinary control in Russian Federation
LFL (like-for-like)	the method of comparing current year sales figures to prior year's sales figures excluding the expansion effect
Net debt	a liquidity metric used to determine how well a company can pay all of its debts if they were due immediately
Platon Electronic Toll Collection (ETC) system	a Russian electronic toll collection system which collects tolls from trucks over 12 tonnes, with the proceedings going to a federal fund for road maintenance
Private label (PL)	brand owned not by a manufacturer or producer, but by a retailer or supplier, who gets its goods made by a contract manufacturer under its own label

Glossary

(continued)

RACI	RACI matrix, or linear responsibility chart (LRC), describes the participation by various roles in completing tasks or deliverables for a project or business process
Real GDP	an inflation-adjusted measure that reflects the value of all goods and services produced by an economy
Real disposal income (RDI)	the post-tax and benefit income available to households after an adjustment has been made for price changes
Return on Investment Capital (ROIC)	a profitability or performance ratio measuring the percentage return that investors in a company are earning from their invested capital
SaaS (Software as a Service)	is a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
Sales density	the revenue generated for a given area of sales space, presented as a monetary value per square metre
Selling space	the area inside stores used to sell products, excluding areas rented out to third parties, own-production areas, storage areas and the space between store entry and the cash desk line
SKU (stock keeping unit)	a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise
Sustainable development	development that meets the needs of the present without compromising the ability of future generations to meet their own needs
Traffic	the number of tickets issued for the period under review
WACC (weighted average cost of capital)	the rate that a company is expected to pay on average to all its security holders to finance its assets

Abbreviations

ACRA	Accounting and Corporate Regulatory Authority
AGM	Annual General Meeting
BPs	Basis points
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CRM	Client Relationship Management
EBITDA	Earnings before interest, taxes, depreciation and amortization
ESG	Environmental, Social, Governmental
FY	Financial Year
GDP	Gross domestic product
GDR	Global depositary receipts
GHG	Greenhouse gases
H	Half of the year
HR	Human resources
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
IR	Investor relations
IT	Information Technologies
JSC	Joint Stock Company
KPI	Key Performance Indicators
LLC	Limited Liability Company
LSE	London Stock Exchange
LTI	Long-term incentive
M	Month of the year
M&A	Mergers & Acquisitions
MICEX	Moscow Interbank Currency Exchange
MOEX	Moscow Exchange
NGO	Non-governmental organization
PJSC	Public Joint Stock Company
p.p.	Percentage point
Q	Quarter of the year
RTS	Russian Trading System
RUB	Russian rouble
SPO	Secondary public offering
Sq.m	Square metre
STI	Short-term incentive
VAT	Value-added tax
WMS	Warehouse management system
YoY	Year Over Year

Disclaimer

The Annual Report should be read as a whole taking into account the content of all sections as well as the notes and the explanations herein, including the information set forth in this section.

The Annual Report was prepared based on the information available to Magnit and the Group as of 31 December 2021, unless otherwise implied by the meaning or content of the information provided. When using the information in this Annual Report, please note that the information on S&P and MSCI ratings assigned to Magnit is given as of 31 December 2021, whereas as of the date of actual publication of the Annual Report such ratings have been revised and/or withdrawn due to the general change/withdrawal of ratings of Russian issuers and entities.

Forward-looking statements are not based on actual circumstances and include all statements concerning the Company's intentions, opinions, or current expectations regarding its performance, financial position, liquidity, growth prospects, strategy, and the industry in which Magnit operates. By their nature, such forward-looking statements are characterised by risks and uncertainties since they relate to events and depend on circumstances that may not occur in the future.

Such terms as "assume," "believe", "expect", "predict", "intend", "plan", "project", "consider" and "could" along with other similar expressions as well as those used in the negative usually indicate the predictive nature of the statement. These assumptions contain risks and uncertainties that are foreseen or not foreseen by the Company. Thus, future performance may differ from current expectations, therefore the recipients of the information presented in the Annual Report should not base their assumptions solely on it.

Since February 2022 we are witnessing growing geopolitical tension and certain countries have announced and imposed and subsequently expanded various sanctions against the Russian Federation's sovereign debt, certain Russian banks, organizations and individuals. The Russian Federation has taken a number of retaliatory measures, including those drastically changing the regulation of Russian business compared to what it was as of 31 December 2021. These events, separately or jointly with other known and unknown circumstances, including those arising after 31 December 2021, may affect the Company's strategy and business plans.

In addition to official information on the activities of Magnit, this Annual Report contains information obtained from third parties and from sources which Magnit finds to be reliable. However, the Company does not guarantee the accuracy of this information, as it may be abridged or incomplete. Magnit offers no guarantees that the actual results, scope, or indicators of its performance or the industry in which the Company operates will correspond to the results, scope, or performance indicators clearly expressed or implied in any forward-looking statements contained in this Annual Report or elsewhere. Magnit is not liable for any losses that any person may incur due to the fact that the above person relied on forward-looking statements. Except as expressly envisaged by applicable law, the Company assumes no obligation to distribute or publish any updates or changes to forward-looking statements reflecting any changes in expectations or new information as well as subsequent events, conditions, or circumstances.

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