

ETALON

Annual Report



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About this report



Reporting period

The Annual Report provides information about Etalon Group's activities for the 12 months of 2023 as well as the Company's financial and non-financial performance, including its consolidated audited IFRS statements.

Several sections of the report that provide an overview of the Company's activities and its business, sustainability, corporate governance practices and investor relations may also cover events that occurred after the reporting period.

Reporting form and standards

This Annual Report informs all stakeholders about how Etalon Group is creating value in the short, medium and long term and also outlines the Group's sustainability initiatives. More detailed information on environmental, social and corporate responsibility is provided in a stand-alone Sustainability Report for 2023.

To ensure that the Annual Report is as transparent, accurate and up-to-date as possible, we relied on best reporting practices and standards as well as the relevant data from management reports.

In preparing the report, individual Global Reporting Initiative Standards (GRI Standards) and individual SASB Real Estate and Homebuilders Standards (SASB Standards) were used as guidance.

Material issues

In accordance with the above-mentioned reporting standards, this report addresses material issues relating to Etalon Group's economic, environmental and social impact that could affect the assessments and decisions of stakeholders. A variety of tools, including in-house analysis and stakeholder surveys, were used to identify these issues.

Forward-looking statements

Certain statements in this report are forward-looking in nature, and final results could differ considerably. In addition to factors explicitly mentioned in the report, other factors could have a material impact on actual results. These factors include, but are not limited to, the general business environment, regulatory changes, interest rate fluctuations, political events, the activities of competitors and their pricing policies, product development, commercialisation, changes throughout supply chains, etc.

External assurance

The report did not undergo external assurance.

About Etalon Group

Founded in 1987, today Etalon Group is one of the largest nationwide players in Russia's development and housing construction sector.

The Company has been expanding its presence in regional markets since 2021, having already launched projects in Omsk, the Novosibirsk region, Ekaterinburg, Tyumen and Kazan. Thanks to 37 years of successful operations and ongoing regional expansion, the Company remains one of the most successful players in the Russian real estate market.

In 2023, sales at the Company's regional projects quadrupled, driving a robust double-digit increase in sales at the consolidated level. As part of its strategy, the Company plans to further scale up its business and improve its efficiency thanks to additional regional expansion, the development of new technologies and the digitalisation of the entire value chain.

87%
increase in sales in 2023 in terms of floor space

35%
adjusted gross margin¹

¹ Pre-PPA gross margin.

² As of the date of publication of the Annual Report.

³ According to Nikoliers' valuation as of 31 December 2023.

As of the end of 2023, Etalon Group's assets included a land bank with an NSA of 5.9 mln sqm, as well as a construction and maintenance division that includes the Company's own general contracting and subcontracting companies, a service business as well as IT companies and manufacturing enterprises, including a production facility for modular construction.

<p>>37 YEARS in the market²</p>	<p>8 regions of operations</p>
<p>9.0 MLN SQM delivered throughout the Company's history</p>	<p>5.9 MLN SQM project portfolio as of the end of 2023³</p>
<p>32 PROJECTS at the design and construction stage</p>	<p>303 RUB BLN in assets³</p>
<p>Among the top 5 Forbes in the Forbes rating of confidence in developers</p>	



Regions of operations

Investment case



One of the fastest-growing companies in the real estate sector

In 2021, Etalon Group set a course focused on rapid growth by expanding into regional markets. As of the end of 2023, our portfolio included projects in eight regions across the Russian Federation. Sales at our regional projects are increasing exponentially, driving above-market business growth and, together with the development of new technologies, creating the basis for robust financial growth

01

Leading position in terms of regional expansion

Etalon Group is one of the fastest-growing companies among the major players that are entering regional markets. The Company has expanded into five regional markets since 2021 and, in early 2024, acquired a stake in a joint venture to implement a large-scale project in Rostov-on-Don, thereby increasing its geographic footprint to nine regions. Given the high rate of its regional expansion, Etalon Group is rapidly becoming the first truly nationwide developer.

Regional markets offer excellent opportunities for rapid business growth thanks to unmet demand for housing and the affordability of real estate compared with the Moscow and St Petersburg markets. Regional sales more than quadrupled in 2023.

9 REGIONS

of operations after entering Rostov-on-Don in 2024

x4.4

growth in regional sales in 2023



Further expansion of the Company's regional presence will enable it to increase business volumes faster than its competitors.

02

Focus on cost management

Entering regional markets means making our product more affordable, which we can achieve by changing our approach to design. We use standardised elements and solutions, which enables us to reduce costs thanks to economies of scale in procurement. Our lower-cost standardised product offers excellent consumer appeal, making use of standard layouts and solutions for public spaces that have a successful track record.

Moreover, in an effort to improve operational efficiency and the speed of decision-making, we adapted our business management system to work on a nationwide scale: we centralised support functions within our key Russian subsidiary, Etalon Group JSC; created a stand-alone contech division to bolster innovation; and created separate regional divisions that are fully responsible for development in their respective regions.



cost reduction through economies of scale



Improved operational efficiency thanks to the adaptation of the business management system to work on a nationwide scale



The realignment of our management structure and strict cost control, including efforts to reduce costs, have enabled us to maintain a high gross margin of 35% and, as we increase the scale of our business, to achieve industry-leading margins.

Investment case

03

Development of digital systems and new construction technologies to reduce dependence on human resources

The incorporation of digital products based on artificial intelligence at the design, construction, sales and operations stages will reduce the need for staff increases as our business grows.

In addition, we are developing state-of-the-art modular technology. In 2022, we launched test production of modular structures; starting in 2024, we plan to launch our own production capacities and pilot the technology at our projects. The adaptation and incorporation of state-of-the-art modular housing construction technology makes it possible to reduce labour intensity and shorten construction time, decreasing the need for labour by up to 50%.

up to 50%

possible reduction in labour requirements thanks to the incorporation of modular housing construction technology



We are well prepared for rapid scaling despite a decreasing population and staff shortages.

04

Proprietary digital products as a source of additional revenue

By developing our own technologies, we are creating new products and businesses that are in demand in the industry. We are testing several stand-alone products for full-scale implementation, including a master planner robot and our Contrust system for real-time construction monitoring



Entering the B2B market with our own developments will provide us with additional revenue.

05

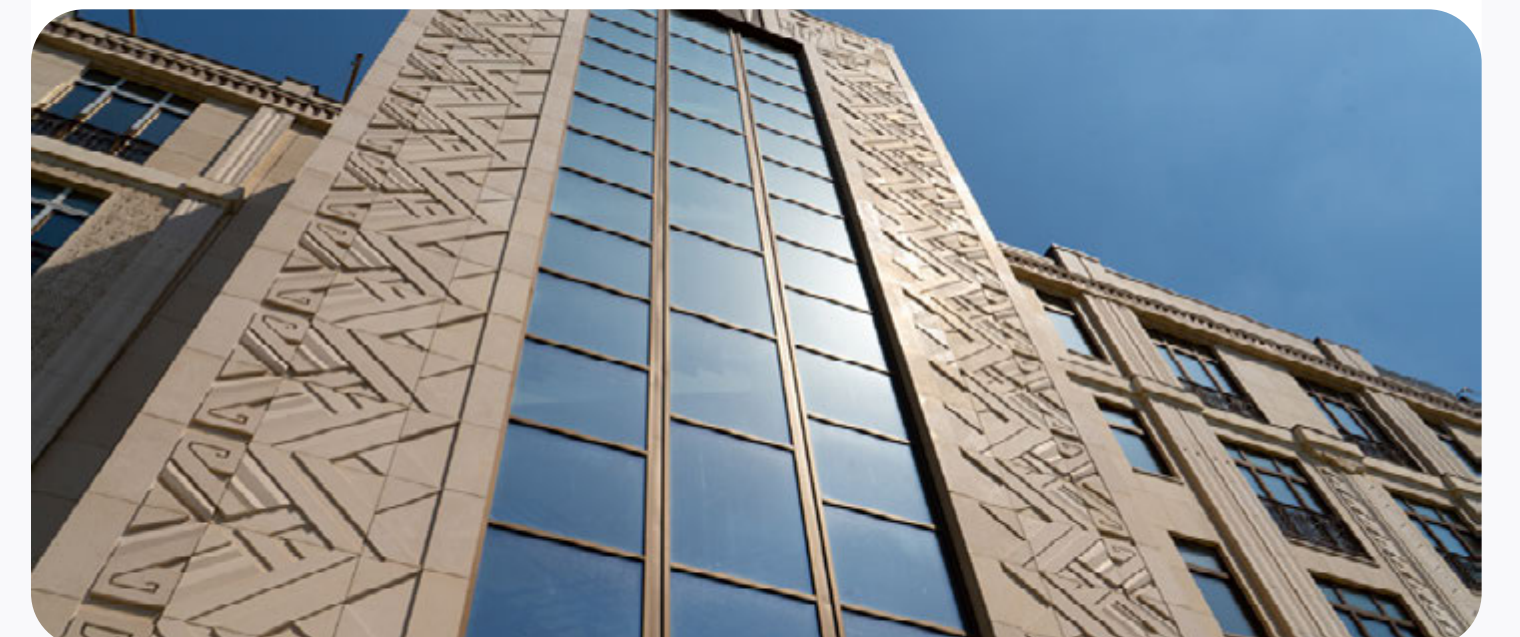
High returns for investors

In 2023, the value of Etalon Group's global depositary receipts increased by 80%, providing investors with the highest return on investment among all publicly traded developers.

The Company has a dividend policy in place that has been approved by its Board of Directors. The policy stipulates that 40%–70% of pre-PPA net profit will be distributed in the form of dividends.

+80%

increase in the value of the Group's GDRs in 2023



Key regions and segments

The Company implements projects mainly in the mid- and mass-market price segments in eight regions across Russia, with a focus on increasing the percentage of affordable housing in its portfolio in regional markets.

Mass- and mid-market segments

The Company focuses on the mass- and mid-market housing segments, which have demonstrated the greatest resilience to changes in the market environment. The mass-market segment accounts for 65% of our current portfolio, with the possibility of an increase due to the acquisition of new projects in regional markets and in residential areas of Moscow and St Petersburg.

Thanks to product standardisation, the incorporation of digital technologies at all stages of development and strict control of overhead costs, the Company holds a leading position in the segment, with a margin of 37% at its regional projects.



65%
share of the mass-market segment in Etalon Group's project portfolio

Focus on regional markets

The priority focus of our business development strategy is expansion into regional markets. In December 2021, we began construction of our first regional project, the Green River residential complex in Omsk. Since then, we have launched projects in four more regions: Ekaterinburg, the Novosibirsk region, Tyumen and Kazan. In early 2024, we entered the market in the Rostov region.



Advantages of regional markets:

- high level of unmet demand for quality housing
- growing investments in regional economies alongside an increase in real disposable incomes
- affordable mortgage financing in comparison with Moscow and St Petersburg



In the future, we plan to expand our regional operations by launching new projects in current markets and expanding into new regions.

Balanced project portfolio

We are actively developing in eight regions. In each region of operations, we aim to develop a balanced portfolio consisting of one large anchor project and 3–4 smaller projects in order to diversify our offer.

As of the end of 2023, our portfolio included 32 projects at the design and construction stages, unsold inventory at completed residential complexes, and commercial real estate with NSA of 5.9 mln sqm and a market value of RUB 286 billion.

Our existing project portfolio is sufficient to support sales at the current level over the next 10.8 years. Our land-bank turnover doubled in 2023, reaching an optimal level that enables us to do the following:

- maintain a sufficient land bank to replenish supply in case of unfavourable conditions for new acquisitions
- ensure aggressive business growth alongside balanced replenishment of our portfolio

Strategy for further expansion of our portfolio:

01

expansion into new regions primarily with large-scale anchor projects

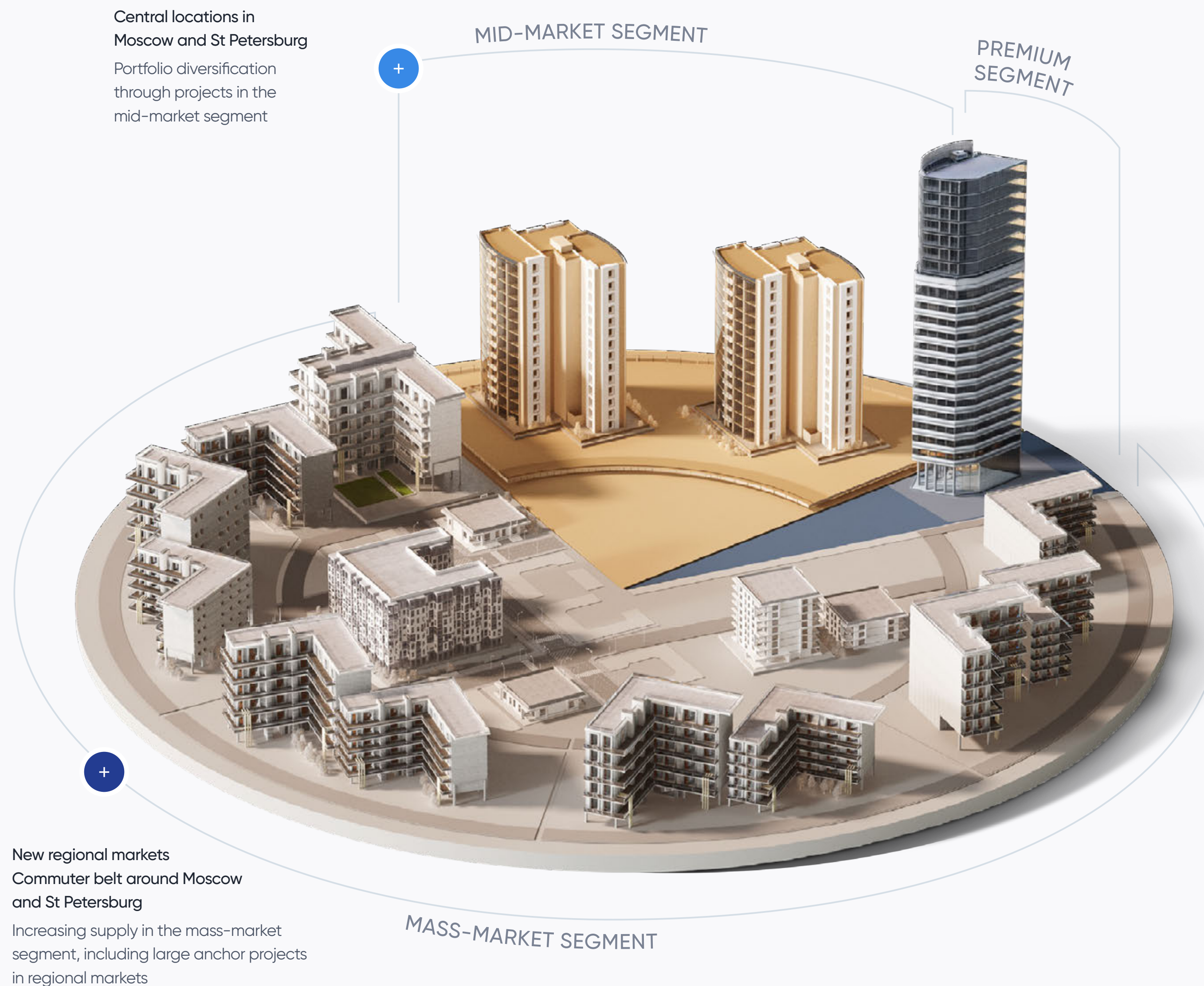
02

addition of medium-sized and infill projects to our land bank

Criteria for selecting acquisition targets:

- projects in cities with a population of over a million and with effective demand for quality housing in the mass-market segment
- locations where around 20%–23% of the population can afford to buy a home from Etalon Group, including with the help of mortgage financing
- a target gross project margin of over 30%

Approach to portfolio development



Our geography

8

regions of operations

10

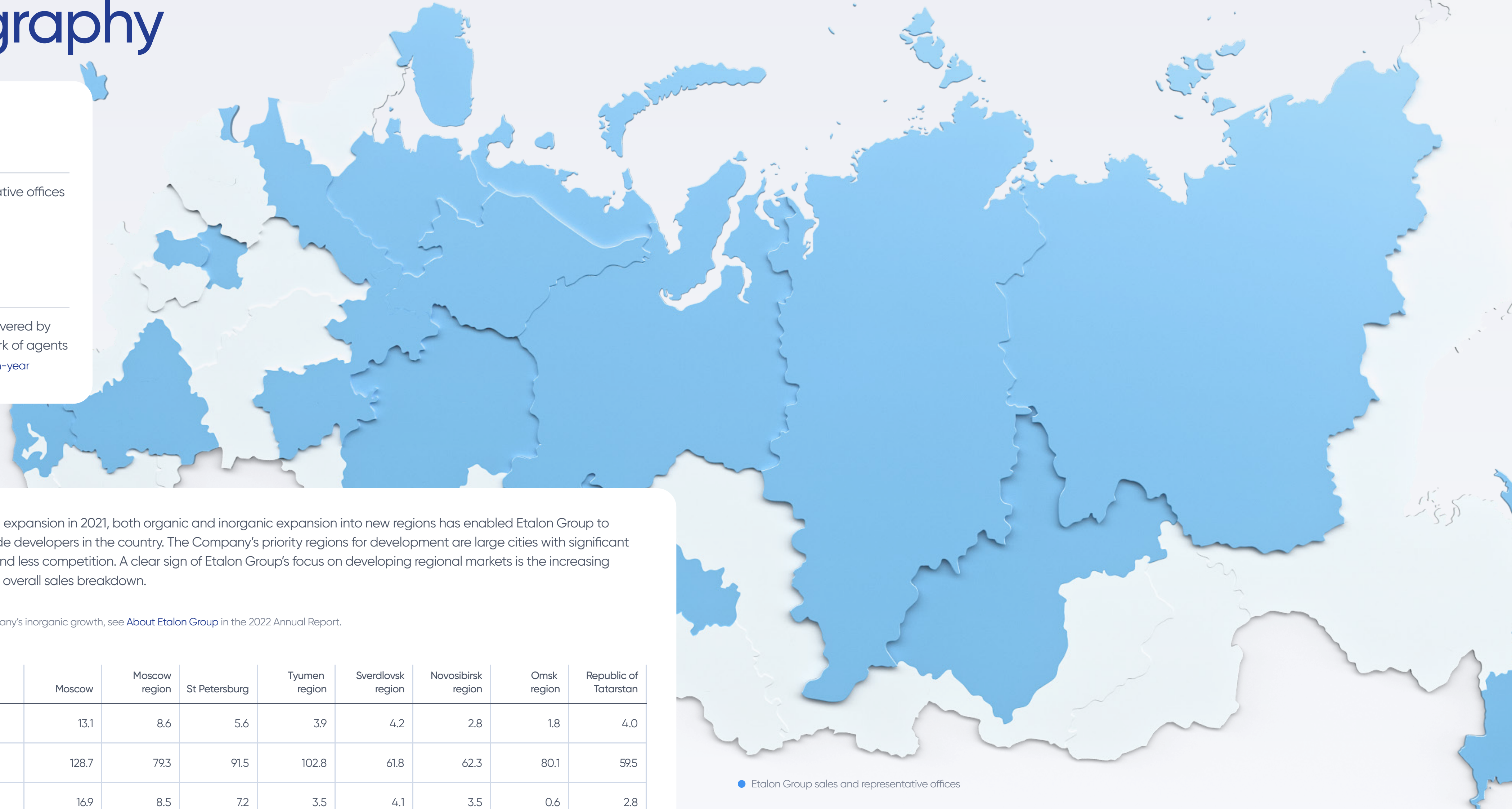
representative offices

22

sales offices

78

regions covered by our network of agents
2.9x year-on-year



Since beginning of its active regional expansion in 2021, both organic and inorganic expansion into new regions has enabled Etalon Group to become one of the largest nationwide developers in the country. The Company's priority regions for development are large cities with significant unmet demand for quality housing and less competition. A clear sign of Etalon Group's focus on developing regional markets is the increasing percentage of regional projects in its overall sales breakdown.



For more information on the Company's inorganic growth, see [About Etalon Group](#) in the 2022 Annual Report.

	Moscow	Moscow region	St Petersburg	Tyumen region	Sverdlovsk region	Novosibirsk region	Omsk region	Republic of Tatarstan
Population, millions ¹	13.1	8.6	5.6	3.9	4.2	2.8	1.8	4.0
Average monthly nominal wages, RUB ths ²	128.7	79.3	91.5	102.8	61.8	62.3	80.1	59.5
Volume of ongoing construction, mln sqm ³	16.9	8.5	7.2	3.5	4.1	3.5	0.6	2.8
Average price per sqm in the primary market, RUB ths ⁴	306.8	165.6	211.9	107.1	118.5	114.0	96.7	130.9

● Etalon Group sales and representative offices

¹ Resident population of the region as of 1 January 2023. Source: Rosstat.

² Estimate for January–October 2023 based on Rosstat data.

³ The volume of ongoing shared-equity housing construction, including on the basis of project financing through escrow accounts, as of 1 January 2024. Source: наш.дом.рф.

⁴ The average price of all types of apartments sold in the primary market from January to September 2023. Source: Rosstat.

Business management structure

Etalon Group's business management structure is aligned with its geography and main business streams, and it is geared towards the further expansion of operations in regional markets and the optimisation of expansion-related costs.



¹ Structure as of 12 March 2024.

Value chain

Etalon Group is constantly optimising its work at all stages of the value chain, which enables it to remain an industry leader, to respond in a timely manner to industry challenges as well as those stemming from the global economy, and to maintain its investment appeal and a high degree of loyalty to the Etalon brand.

Land bank ▶

We are actively expanding our project portfolio, continuing regional expansion at a rapid pace and making our portfolio more diverse.

OUR ADVANTAGES

- Nine regions of operations (six more regions since 2021)
- Favourable terms for land acquisition
- Expertise when it comes to M&A deals and the rapid integration of new businesses

Design ▶

We have shifted our focus to a more affordable product, and we continue to incorporate standardisation at every stage of the design process, which enables us to remain cost-competitive thanks to economies of scale.

OUR ADVANTAGES

- Leadership in terms of BIM technologies¹
- A library of standardised solutions
- Digital technical specifications
- Automated master planning

PRODUCT DEVELOPMENT

- Based on market analytics and consumer preferences
- Constant product improvement based on customer feedback

DESIGN INSTITUTE

- Integrated design
- Continual improvement and expansion of in-house competencies

DEVELOPMENT OF DESIGN-RELATED IT PRODUCTS

Operations

Customer comfort and satisfaction are our priorities at the occupancy stage. We take the opinions of our customers into account, and we are constantly improving our services as well as expanding the list of services we provide.

OUR ADVANTAGES

- A comfortable, high-quality living environment
- 24/7 support for residents
- An expansive range of services

DISPATCHER 24

- The largest private B2C platform for after-sales service for residential properties
The platform covers 55 mln sqm of housing in 40 cities across Russia¹
- A call centre and ecosystem for housing and utilities

Sales

We are constantly improving the quality of customer relations, and we are committed to improving the customer experience in order to increase loyalty and encourage repeat purchases.

OUR ADVANTAGES

- Expanded range of sales services
- Dynamic pricing
- A more affordable product thanks to combined programmes

Construction ▶

To create a standardised product, we have begun using prefabricated elements as part of our classical precast and cast-in-place technologies in order to reduce construction time and costs.

OUR ADVANTAGES

- High product quality
- Prompt receipt of the necessary permits
- Collaboration with proven, highly qualified contractors
- Use of prefabricated structures and elements

CONSTRUCTION AND MAINTENANCE DIVISION

- Arrangement of general contracting services
- Construction of non-residential (industrial) buildings

MODULAR PRODUCTION

- Test assembly of modular light thin-walled steel structures
- Construction of in-house production capacities

¹ Since 2014, Etalon Group has been the industry leader in the field of BIM technologies in Russia according to Autodesk.

2023 highlights

1Q



A building at the Company's Rauta project, in Ekaterinburg, successfully completed the preliminary stage of a pilot assessment for compliance with the GOST R 70346-2022 national green standard for apartment buildings



A construction permit was obtained for the Schastye v Koltsovo residential complex, the Company's first project in the Novosibirsk region; the Company also launched sales at the project



New space was put on sale at the following regional projects:

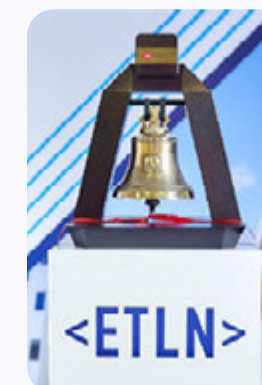
- Green River (Omsk)
- Green (Kazan)
- Solnechniy (Ekaterinburg)



New phases were delivered at the Galactica residential quarter in St Petersburg and at the City Life residential complex in Tyumen

2Q

In 2023, Etalon Group continued to follow its regional expansion strategy, within its framework company gradually opened sales and completed deliveries at regional projects.



The Board of Directors decided to start the procedure for obtaining a primary listing on Moscow Exchange



Sales began at new buildings at the Shagal project in Moscow and at the Pulkovskiy Dom residential complex in St Petersburg, as well as at two regional projects: the Suita Quarter residential complex in Kazan and the Schastye v Tyumeni residential complex in Tyumen



The Company completed the reconfiguration of its supply chains



An artificial intelligence-based sales forecasting system was launched

1Q 2023 RESULTS

13.4 RUB BLN

New contract sales

12.0 RUB BLN

Cash collections

219.5 RUB THS PER SQM

Average sales price

88 THS SQM

Put into operation

Regional sales

25.2 THS SQM

New contract sales

2.9 RUB BLN

New contract sales

120.7 RUB THS PER SQM

Average sales price

2Q 2023 RESULTS

20.6 RUB BLN

New contract sales

16.2 RUB BLN

Cash collections

223.4 RUB THS PER SQM

Average sales price

108 THS SQM

Put into operation

Regional sales

35.5 THS SQM

New contract sales
up 40% quarter-on-quarter

4.1 RUB BLN

New contract sales
up 40% quarter-on-quarter

118.8 RUB THS PER SQM

Average sales price

2023 highlights

3Q



Buildings were delivered at two regional projects: the Gulf of Finland residential complex and the Suita Quarter residential complex



The procedure for obtaining primary listing status on Moscow Exchange was completed

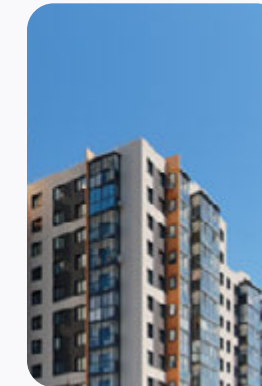


The Company presented plans for the construction of a new modular production facility at the Gorelovo Industrial Park in the Leningrad region



Etalon Group announced its intention to delist its GDRs from the London Stock Exchange¹

4Q



New phases were delivered at the Desyatka residential complex and the Shagal residential quarter in Moscow, as well as at three regional projects: Rauta, in Ekaterinburg; and the Schastye v Tyumeni residential complex and the Finskiy residential complex, in Tyumen



The procedure for changing the depositary bank for the Company's GDR programme to RCS Issuer Services S.AR.L was completed



A decision was taken at the Annual General Meeting of Shareholders to redomicile the Company to the Russian Federation

3Q 2023 RESULTS

31.2 RUB BLN

New contract sales

24.7 RUB BLN

Cash collections

234.6 RUB THS PER SQM

Average sales price

43 THS SQM

Put into operation

Regional sales

55.0 THS SQM

New contract sales

up 50% quarter-on-quarter

6.5 RUB BLN

New contract sales

up 60% quarter-on-quarter

121.8 RUB THS PER SQM

Average sales price

4Q 2023 RESULTS

40.4 RUB BLN

New contract sales

29.2 RUB BLN

Cash collections

241.0 RUB THS PER SQM

Average sales price

178 THS SQM

Put into operation

Regional sales

72.7 THS SQM

New contract sales

up 30% quarter-on-quarter

10.2 RUB BLN

New contract sales

up 60% quarter-on-quarter

140.6 RUB THS PER SQM

Average sales price

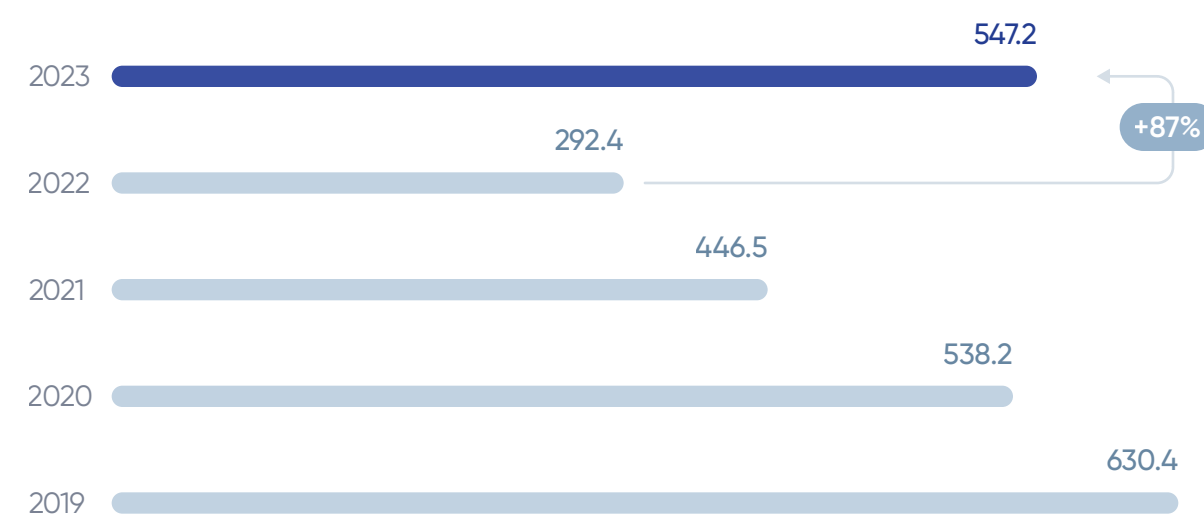
¹ The procedure for delisting the Company's GDRs from the London Stock Exchange was completed on 6 February 2024.

Key operating and financial metrics for 2023

Dynamic improvement in operating performance was driven by regional expansion:

Regional expansion supported revenue growth:

New contract sales, ths sqm

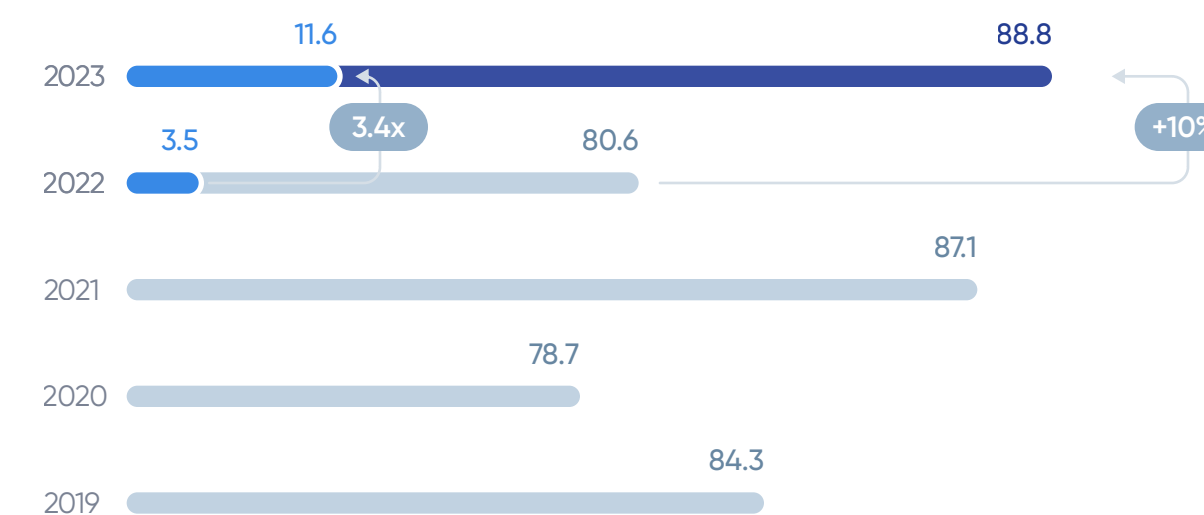


+87%
from 2022

34%
percentage of sales in regional markets

3.7x
increase in the sales volume at regional projects, to 188.4 ths sqm

Revenue, RUB bln

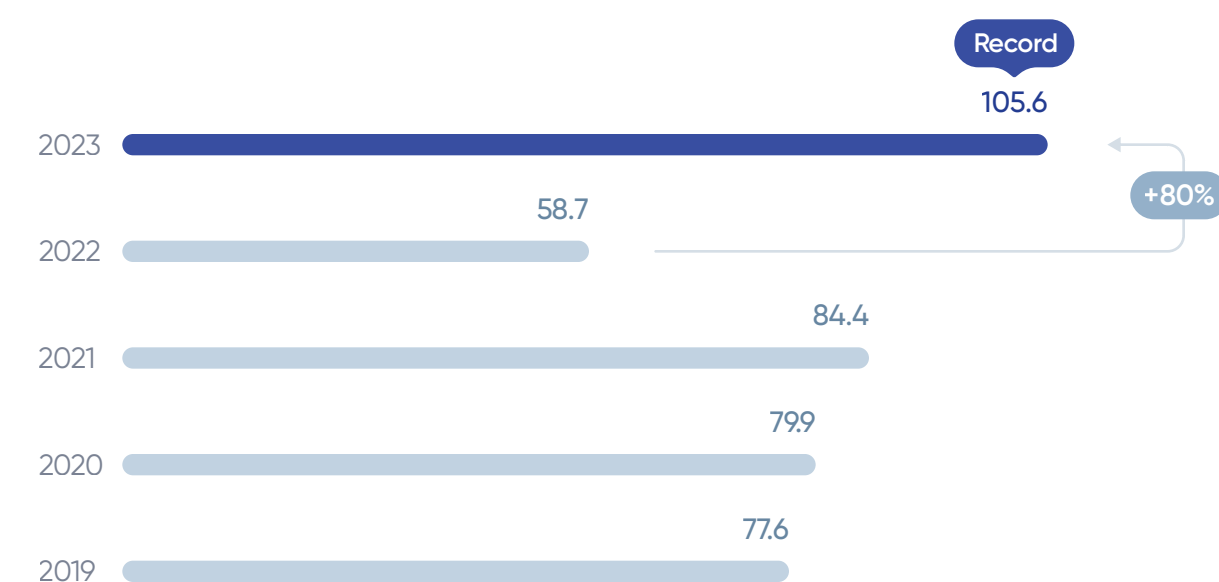


+10%
revenue growth on the back of business expansion

78.0 RUB BLN
revenue in the Company's core segment, housing development +13% year-on-year

3.4x
revenue growth in the Company's core segment, housing development, in regional markets

New contract sales, RUB bln

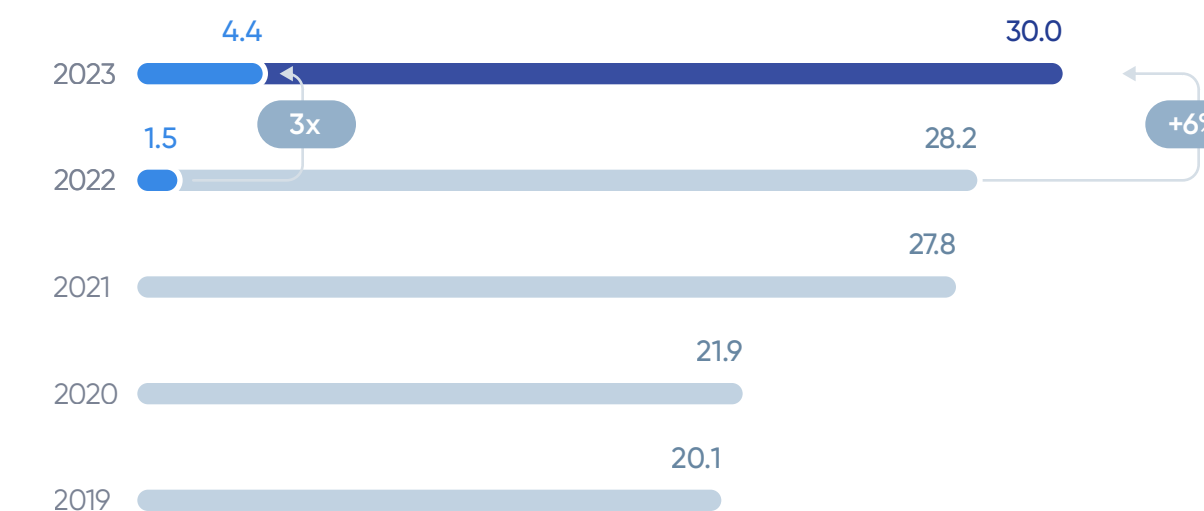


+80%
from 2022

23%
percentage of sales in regional markets

4.4x
increase in the value of new contract sales in regional markets, to RUB 24 billion

Gross profit, RUB bln



+6%
from 2022

37%
gross margin in the Company's core segment, housing development

3x
increase in gross profit from regional projects

President's statement

Over the past few years, we have been watching the market evolve: the terms and conditions of mortgage programmes have been changing, and developers have had to take a larger number of issues into account when planning while also considering new development opportunities. One clear trend is expansion throughout the country, driven by increased public and private investments in infrastructure projects in regional markets.

We were one of the first developers to embark on regional expansion, before it became an industry trend. Our early start brought advantages, including a strong position in new markets, an understanding of customer needs and the ability to work with a regional product. As a full-cycle developer, our business model enables us to develop projects in regional markets independently and with the involvement of long-term partners, thus eliminating a number of risks associated with the quality, timing and cost of construction.

We increased sales to RUB 106 billion in 2023. Regional markets made a major contribution to our overall results: we expanded our geography to nine regions and increased regional sales fourfold to RUB 24 billion, which was nearly a quarter of our total sales.

Strategic priorities

In light of the way the industry is developing, we are focused on making further additions to our portfolio and unlocking its investment potential, with an emphasis on large-scale urban development projects and constant improvement of our operational efficiency.

As of the beginning of 2024, our portfolio amounted to around 9 mln sqm, including our recent expansion into the Rostov region. A land bank of this size is fuelling our dynamic growth in regional markets while enabling us to maintain a strong presence in the Moscow and St Petersburg areas.

We are concentrating our efforts to improve efficiency in two key areas: the development of new technologies to support scaling and the transformation of internal processes.

We are developing modular housing construction technology, and we plan to put our own production capacities into operation in the coming year. In addition, the digitalisation of our business is one of our priorities for the near future. We are working very hard to introduce, test and fine-tune digital systems that can support our main business processes.

Projects aimed at increasing efficiency enabled us to maintain a gross margin of more than 35% last year.

We are constantly making adjustments in order to grow our business and remain efficient. That is why we strengthened our management team in 2023, which enabled us to take the next step in developing our product as well as our sales, IT and HR and systems. In addition to recruiting top professionals, we started work on establishing the best incentive system for employees in the market, linking the Company's success in achieving its strategic goals with the personal contribution of every professional. Having piloted this new approach among our sales team, we are now going to expand it to include all our core operational business units.

We also focused on increasing the number of services for customers aimed at making their real estate purchases more affordable. This is not only about enabling customers to complete their transaction in a quick and convenient way and, if they so desire, to gain access to additional services from a single provider, but it is also about offering them a variety of user-friendly instruments for financing their purchase.

Goals and plans

We made a great deal of progress during the year, getting closer than ever to our goal of becoming one of the largest and most successful nationwide players in the country. Although our geography already encompasses nine regions of operations, with excellent sales, we see potential for further growth, and our goal is to have a presence in the 15 largest regions across the country.

Our core business remains the development of affordable housing and comfort-class properties, but, with professional knowledge and extensive experience in related areas, we are considering every promising business stream with established demand and high growth potential.

Increasing construction volumes and maintaining robust sales and high margins remain our priorities. We intend to maintain comparable sales growth and to take our construction business to a new level in every one of our regions of operations, which will drive dynamic revenue growth and, with strict overhead cost controls, bolster our margins.

In developing existing and new business streams, we are going to rely on the leading solutions and approaches that we have developed over 37 years in the industry, and we also plan to study successful Russian and international experience in order to turn Etalon Group into a truly modern company capable of becoming the leading developer in the country.

Mikhail Buzulutsky

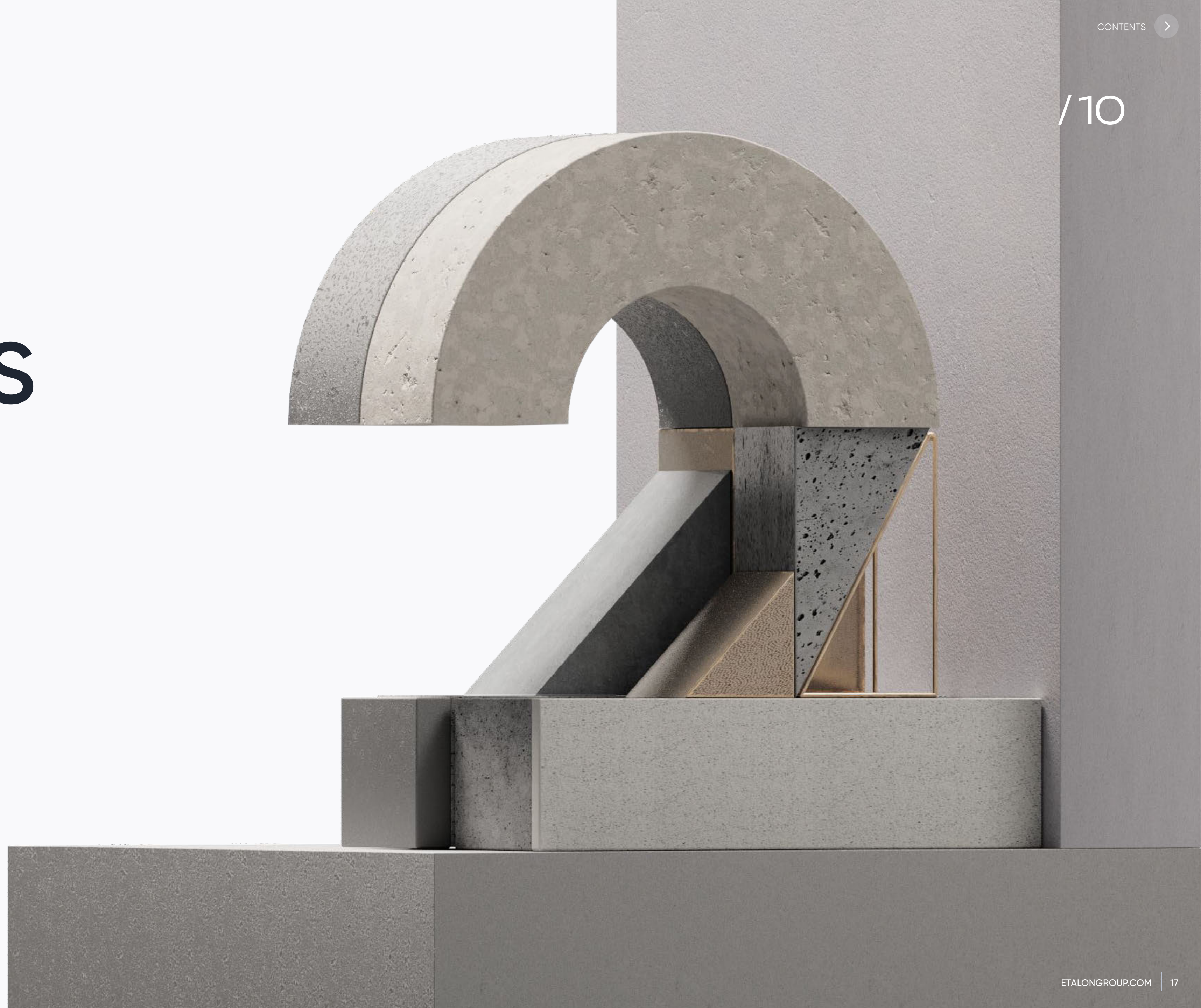
PRESIDENT OF ETALON GROUP



Market overview and trends

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For the real estate market, 2023 was a period of recovery. In the second half of the year, an increase in the key rate and changes to the terms and conditions of subsidised mortgage lending programmes drove strong demand, which is normalising, as expected.

In 2023, demand was supported by growth in real income that outpaced inflation, government support programmes and sales instruments from developers: instalments, personalised discounts, offers for mortgage subsidies, and so on.

Developers continued their regional expansion efforts in 2023 in order to satisfy demand for quality primary housing outside the Moscow and St Petersburg regions, and they also continued developing financial instruments to support sales.

Macroeconomic context

The Russian economy demonstrated growth, and its projected growth rate remains at or above that of the EU.

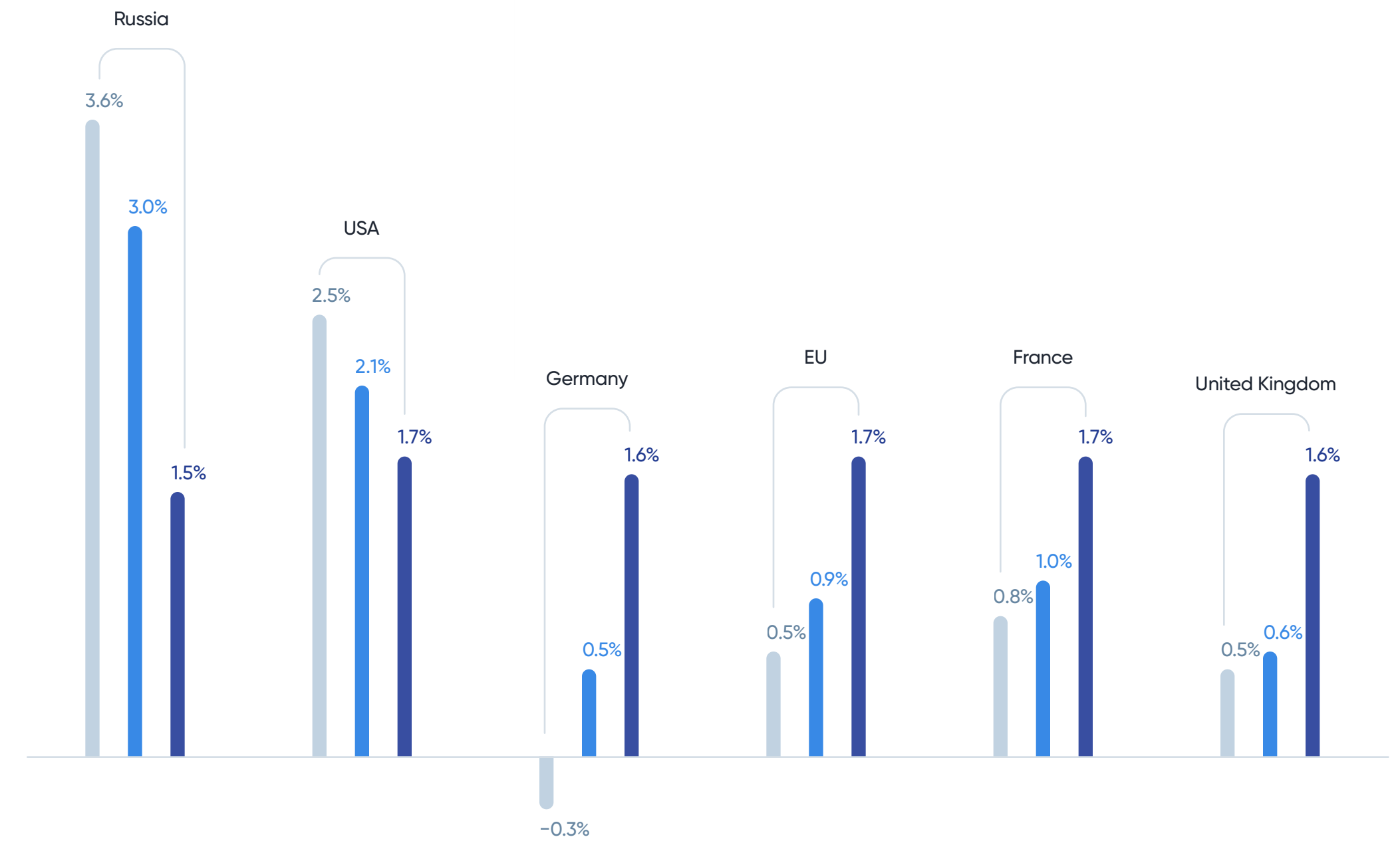
In response to structural changes that took place in 2023, the Russian economy rebounded from the previous year, as GDP increased by 3.6%.

According to the forecasts of the Bank of Russia, GDP will increase by 2.5%–3.5% in 2024, outpacing GDP growth in the EU (according to International Monetary Fund [IMF] estimates), and will increase by 1%–2% in 2025.

GDP growth

● 2023 ● 2024 ● 2025

Bank of Russia and IMF forecasts



Source: Bank of Russia, International Monetary Fund, European Commission

Macroeconomic context

Monetary policy may be loosened once there is a stable trend in the direction of slower price growth and expectations of lower inflation.

The Bank of Russia has been watching the consumer price index (hereinafter referred to as "inflation") closely since it peaked in 2022. When inflation took off in the second half of 2023, the Bank of Russia responded by raising the key rate to 16%. As of the end of 2023, inflation had reached 7.4%.

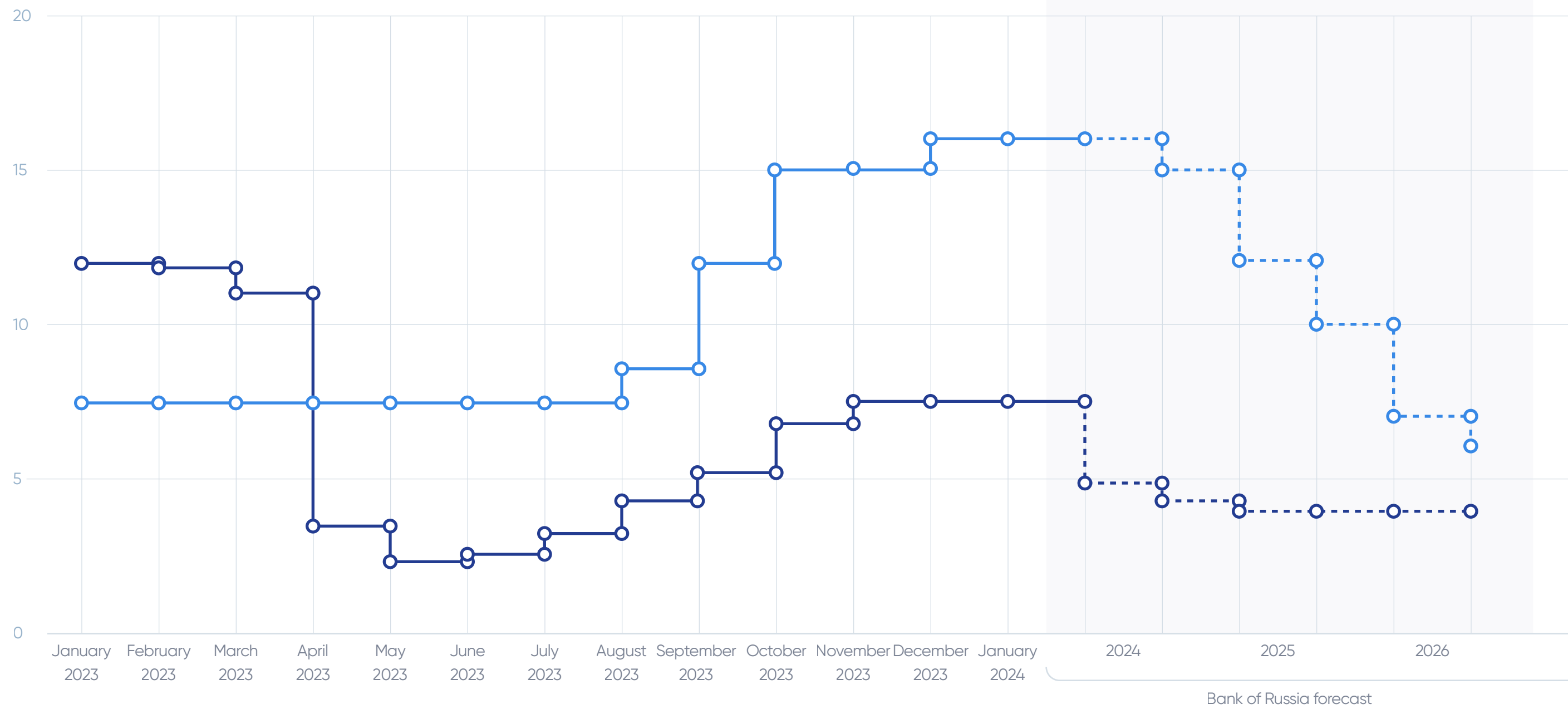
The key rate will decrease in 2024–2026 as inflation slows, on account of market stabilisation and lower inflation expectations on the part of the populace. According to the forecasts of the Bank of Russia, inflation will reach 4.3%–4.8% in 2024, and the key rate will average 15%–16% for the year; inflation will reach the target level of 4% in 2025, and the key rate will decrease to 10%–12%.

A reduction in the key rate will drive down mortgage rates, which will make housing more affordable for new consumers who are unable to access financing at preferential rates.

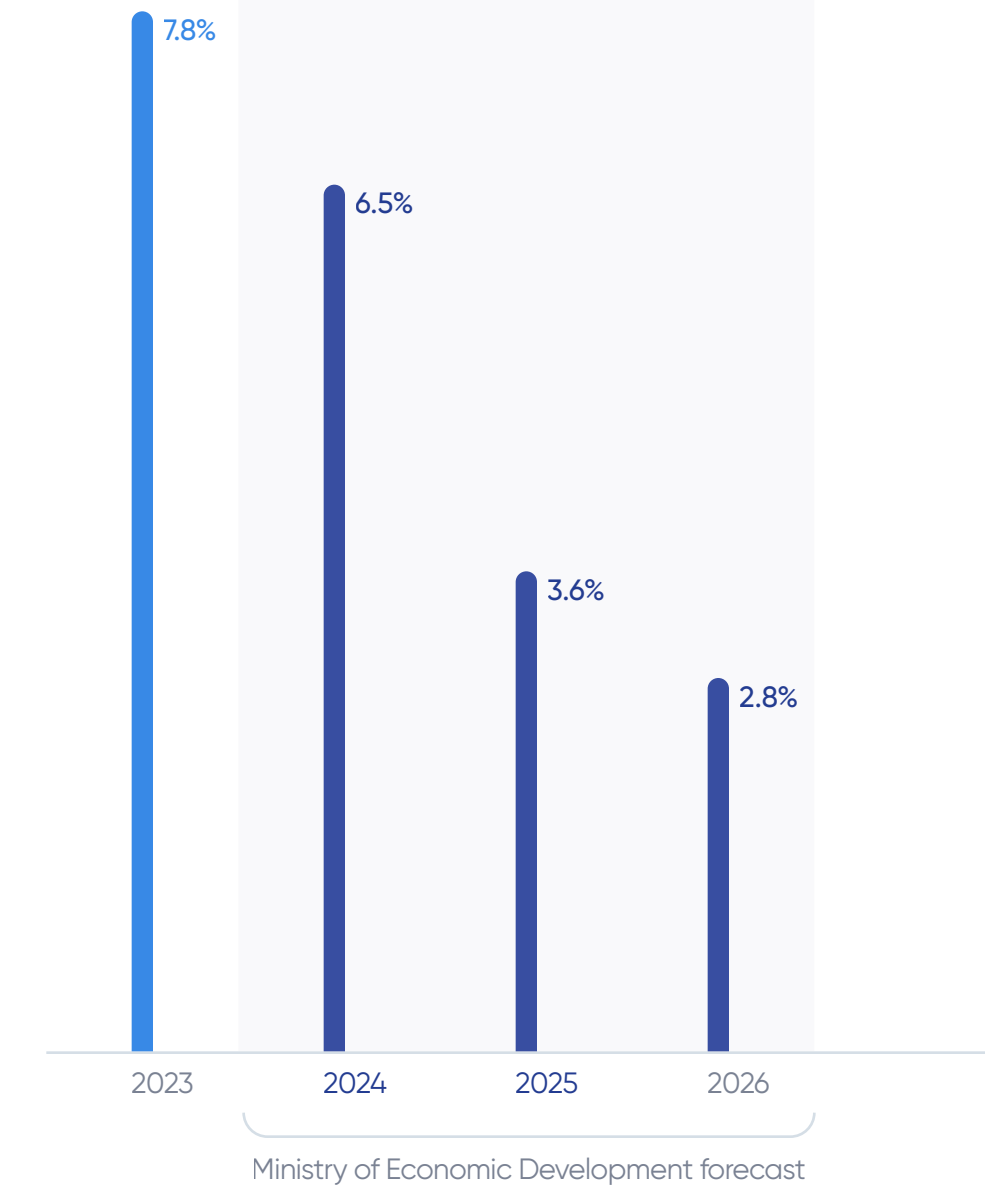
A rise in real wages, which, according to the forecasts of the Ministry of Economic Development, will amount to 6.5% in 2024, will also make housing more affordable and increase potential demand.

Inflation and key rate in Russia

● Key rate, % per annum ● Inflation, % year-on-year



Growth of real wages



Source: current data for 2023, Bank of Russia; for 2024–2026, forecast of the Bank of Russia of 26 April 2024

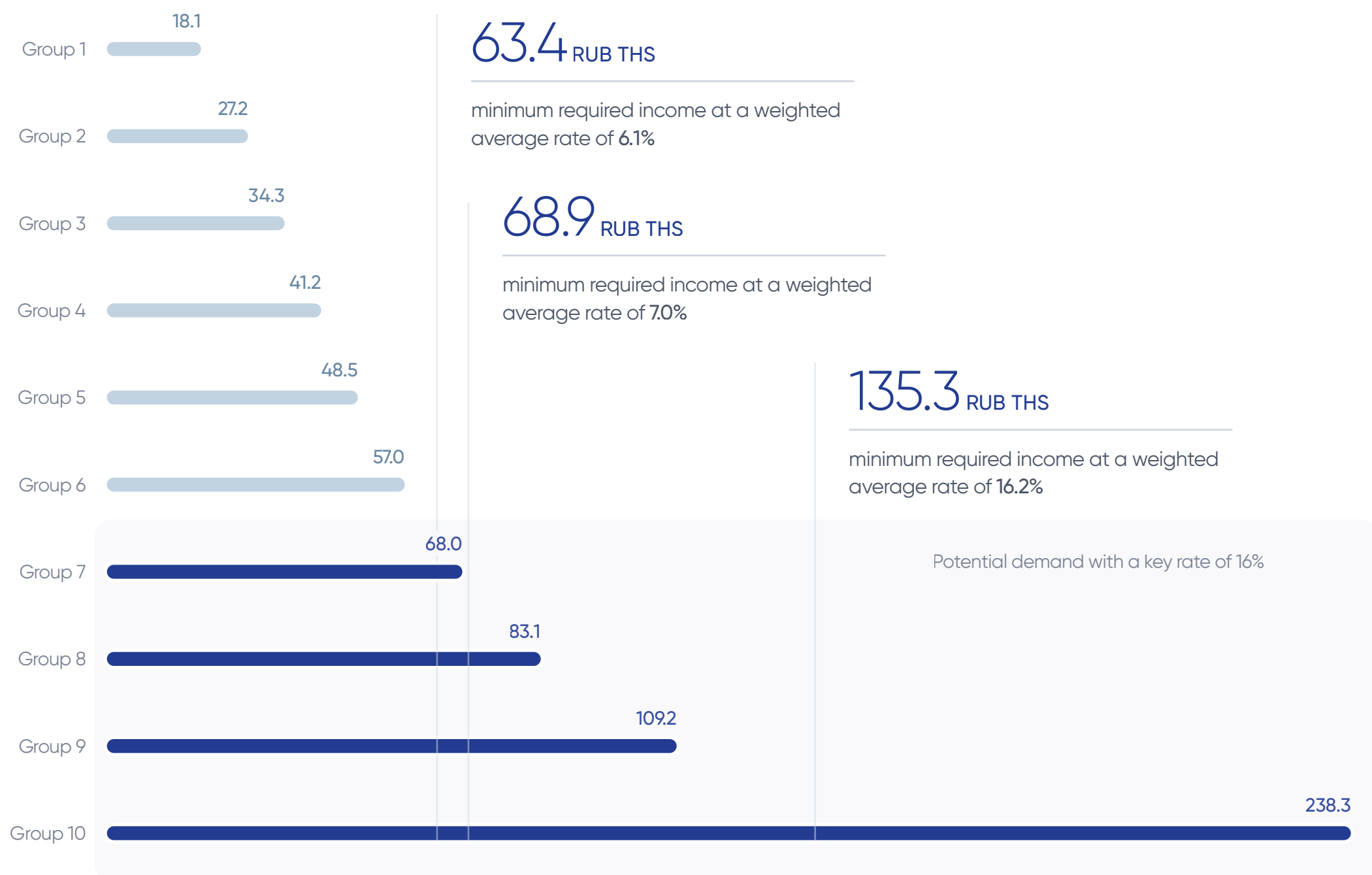
Source: Ministry of Economic Development

Demand drivers

Potential demand

Current potential demand is determined by the part of the working population for which the average mortgage payment does not exceed 50% of income. At the end of 2023, the percentage of this group amounted to 40% of the total working population, or 30 million people, at a weighted average mortgage rate of 6.1%, while, at an average market rate for primary housing of 16.2%, there is demand from only 10% of the total working population.

Distribution of household income by deciles, average wages, RUB ths



Source: Etalon Group's analysis based on data from Rosstat and Dom.rf. Potential demand is calculated based on per capita income. The average mortgage payment is calculated based on data from the Bank of Russia for an average term and with an average rate and an average-sized mortgage loan.

Fundamental drivers supporting demand

In 2023, the main factor supporting demand remained the need for improved housing conditions, which was met thanks to growth in household incomes and the increasing availability of more affordable housing for purchase, especially in regional markets.

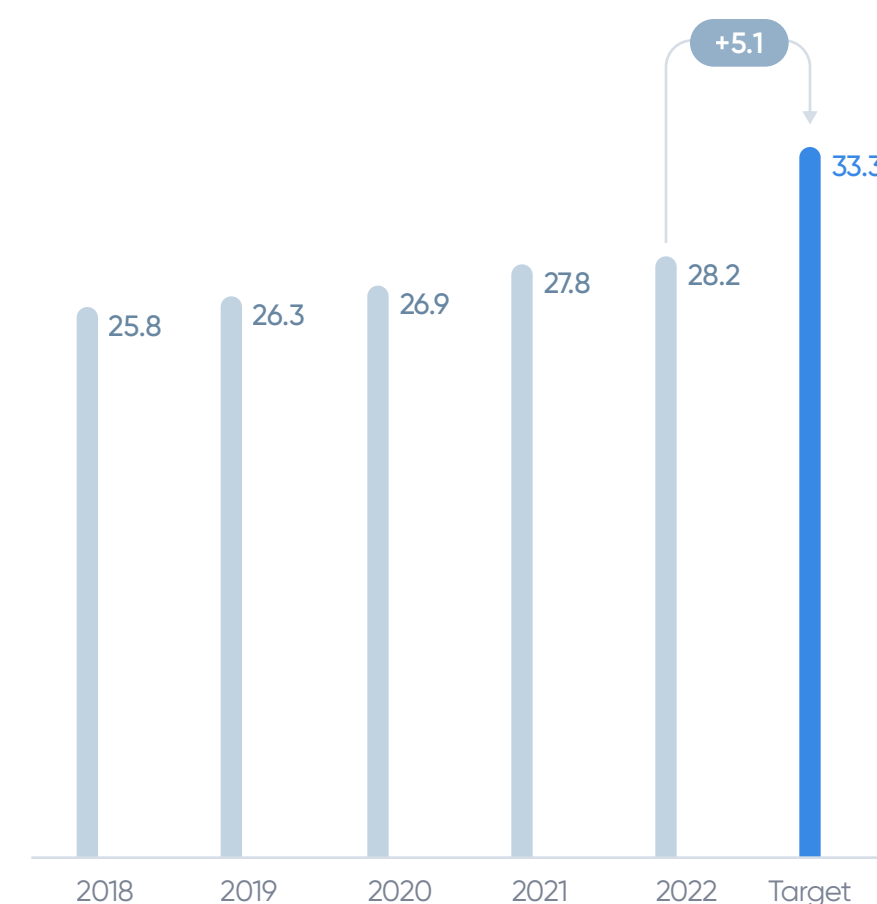
THE NEED FOR IMPROVED LIVING CONDITIONS

Population growth in megacities and ageing housing stock are stimulating demand for better housing conditions.

The amount of living space per person is increasing in megacities and across the Russian Federation overall. According to the Strategy for the Development of the Construction Industry and Housing and Communal Services of the Russian Federation for the Period to 2030, the amount of available living space per person should be no less than 33.3 sqm.

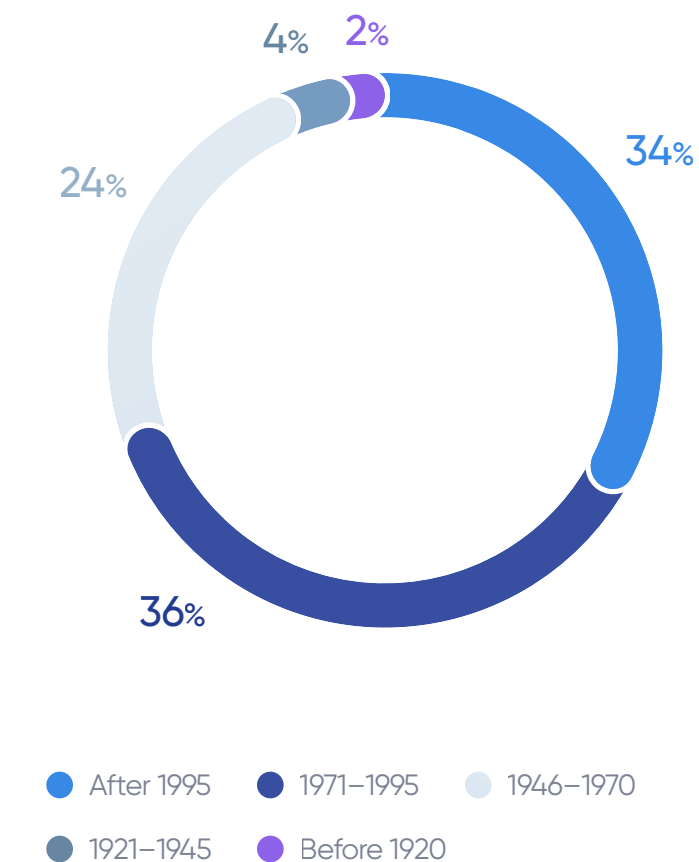
66% of the housing stock in the Russian Federation was built before 1995. Buildings that are more than 50 years old and in need of renovation account for around 30% of Russia's housing stock.

Available living space, sqm per capita



Source: Dom.rf, Bank of Russia, Strategy for the Development of the Construction Industry and Housing and Communal Services of the Russian Federation for the Period to 2030

Russian housing stock by period of construction



Source: Rosstat

LOW LEVELS OF INDEBTEDNESS AND POTENTIAL FOR INCREASED MORTGAGE LENDING

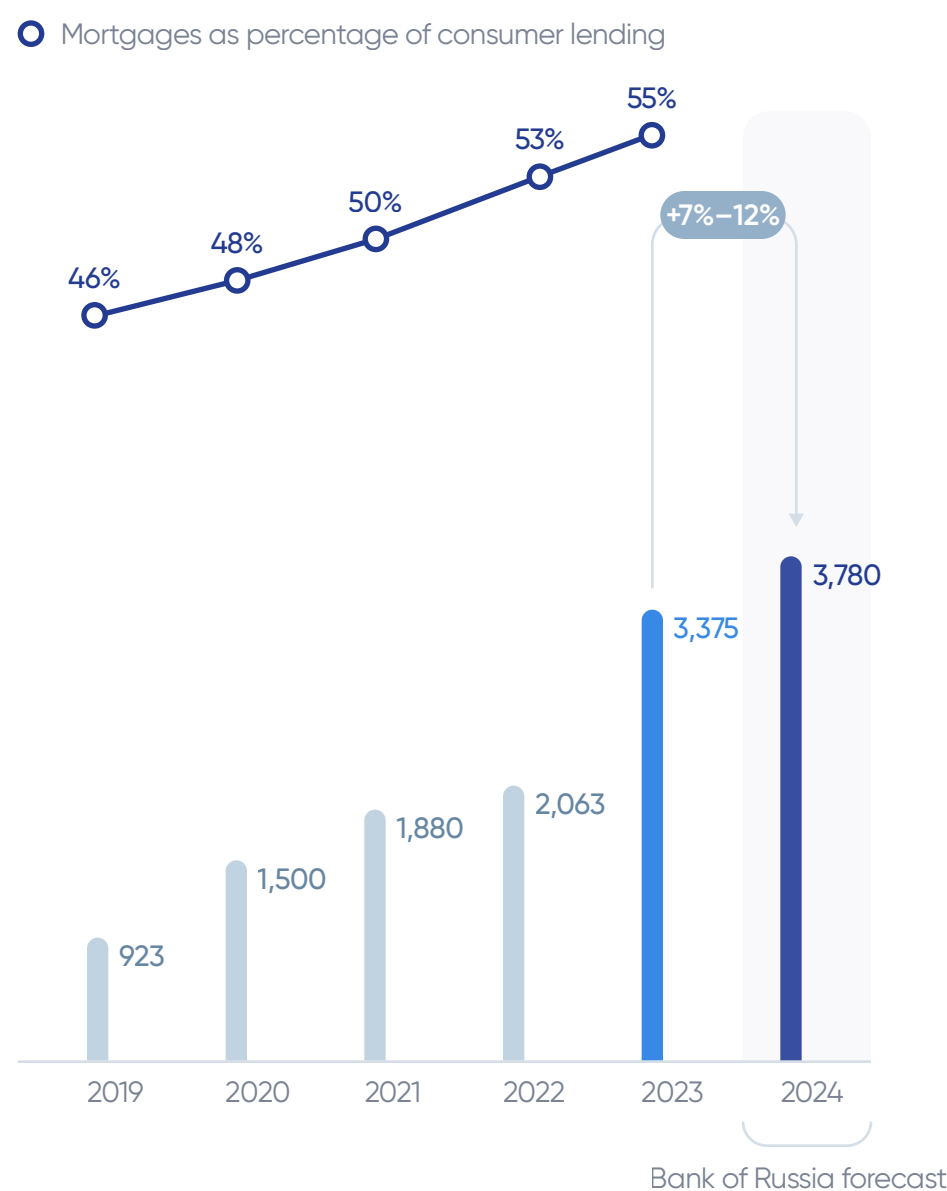
Preferential mortgages, developer-backed subsidised mortgages and key mortgage programmes for regional markets supported sales rates.

During the reporting year, the volume of housing loans granted to individuals for the purchase of a primary residence reached a record high of over RUB 3.3 trillion despite the increase in the key rate and higher mortgage rates.

Mortgages accounted for 55% of consumer lending in 2023, up from 46% in 2019.

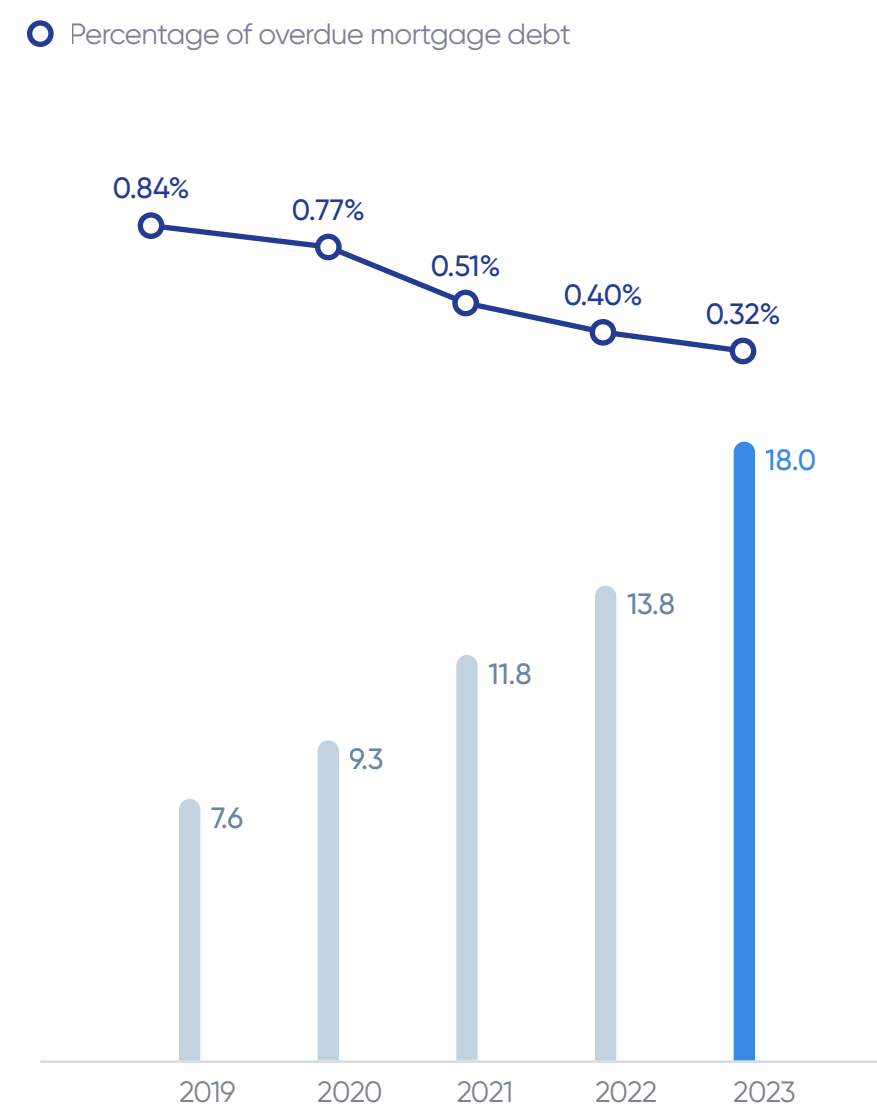
At the same time, the percentage of overdue mortgage payments continues to decline. In 2019, this figure amounted to 0.84% of total debt of RUB 7.6 trillion; in 2023, it decreased to 0.32% of total debt of RUB 18 trillion. This is an indication of the high quality of banks' loan portfolios and the potential for growth in the mortgage market. According to Bank of Russia forecasts, the mortgage market will grow by 7%–12% in 2024.

Mortgage loans issued, RUB bln



Source: Bank of Russia

Amount of debt on issued loans, RUB trillion



Source: Bank of Russia

IMPROVED AFFORDABILITY OF HOUSING IN KEY REGIONS OF OPERATIONS

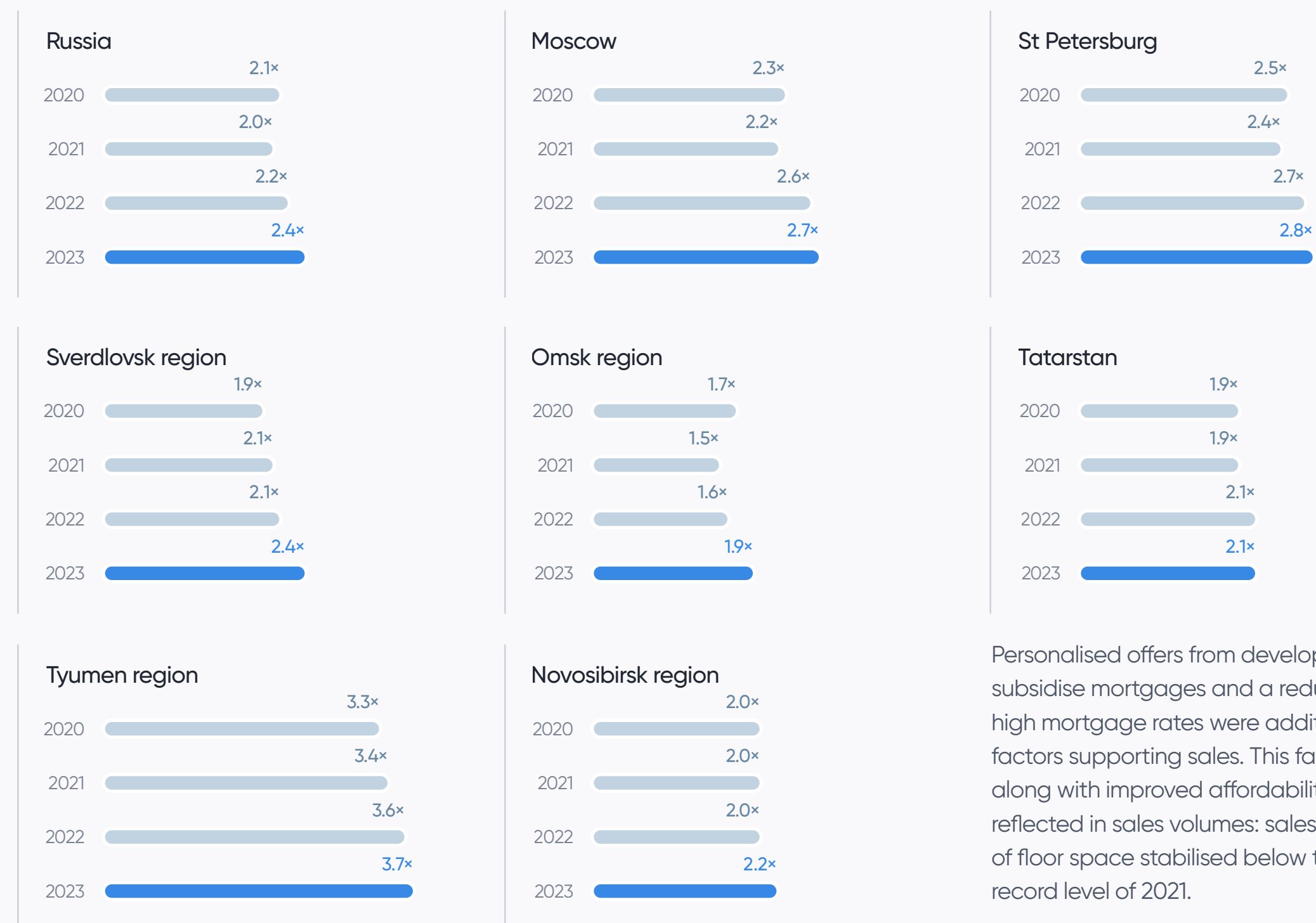
Demand in 2023 was driven mainly by the improved affordability of mortgages as a result of an increase in real disposable incomes.

In 2023, preferential mortgage lending programmes remained the main driver of demand in the Russian Federation. Housing became more affordable than ever before thanks to an increase in household incomes despite the tight monetary policy in the second half of 2023, a reduction in preferential mortgage programmes and an increase in the price per sqm.

The average salary exceeded the average mortgage payment by 140% across the Russian Federation, 170% in Moscow and 180% in St Petersburg, rising slightly and making housing more affordable. In the Group's regional markets, housing continues to become more affordable given that the price of the average listing is less than the preferential mortgage limit of RUB 6 million.

Affordability in Moscow, St Petersburg and regional markets

Ratio of average monthly income to average monthly mortgage payment



Source: Etalon Group's analysis based on data from the Bank of Russia, Rosstat

Personalised offers from developers to subsidise mortgages and a reduction in high mortgage rates were additional factors supporting sales. This factor along with improved affordability were reflected in sales volumes: sales in terms of floor space stabilised below the record level of 2021.

Future demand drivers

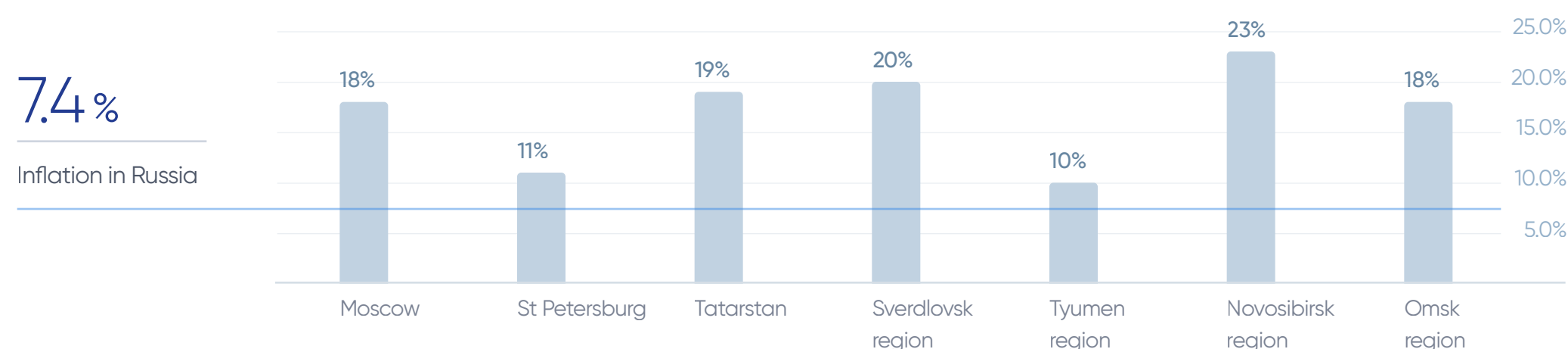
In addition to the fundamental drivers supporting demand, income growth will have an impact in 2024, especially in regional markets, in light of the development of infrastructure projects and low unemployment and the continuation of state support in regional markets.

LOW UNEMPLOYMENT AND WAGE GROWTH

Wages in regional markets grew much faster than inflation in 2023, real incomes showed their highest growth since 2012, and the unemployment rate in Russia reached a record low of 3.2%.

These factors will support increases in wages and real incomes in future periods and will continue to make residential real estate more affordable.

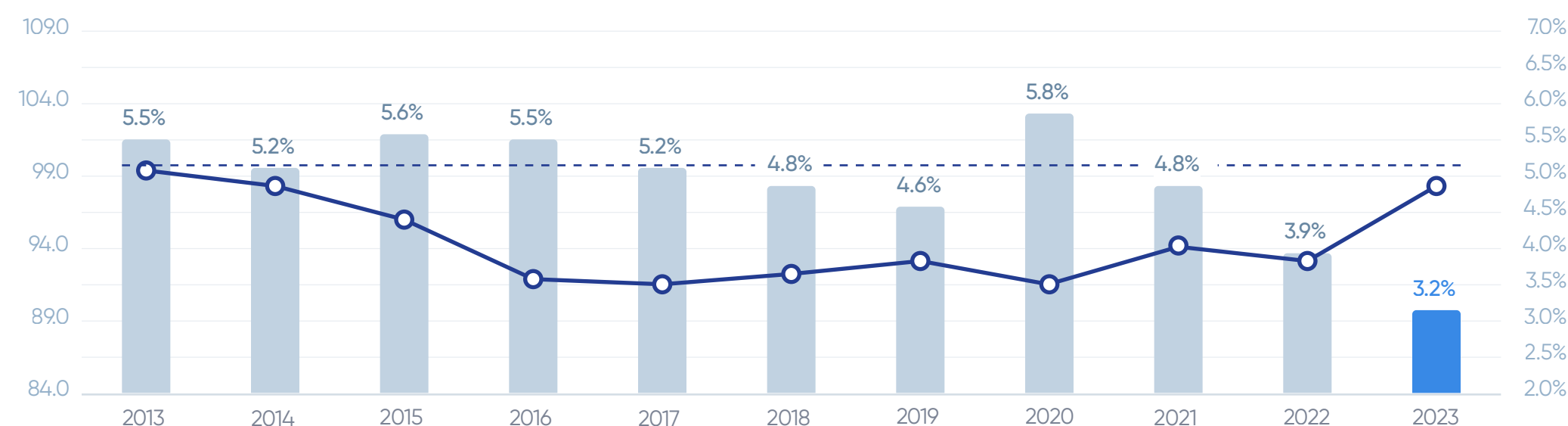
Wage growth in regional markets in 2023 outpaced inflation



Source: Rosstat, Bank of Russia

Unemployment rate

- Unemployment rate, %
- Real disposable household income, 2013=100



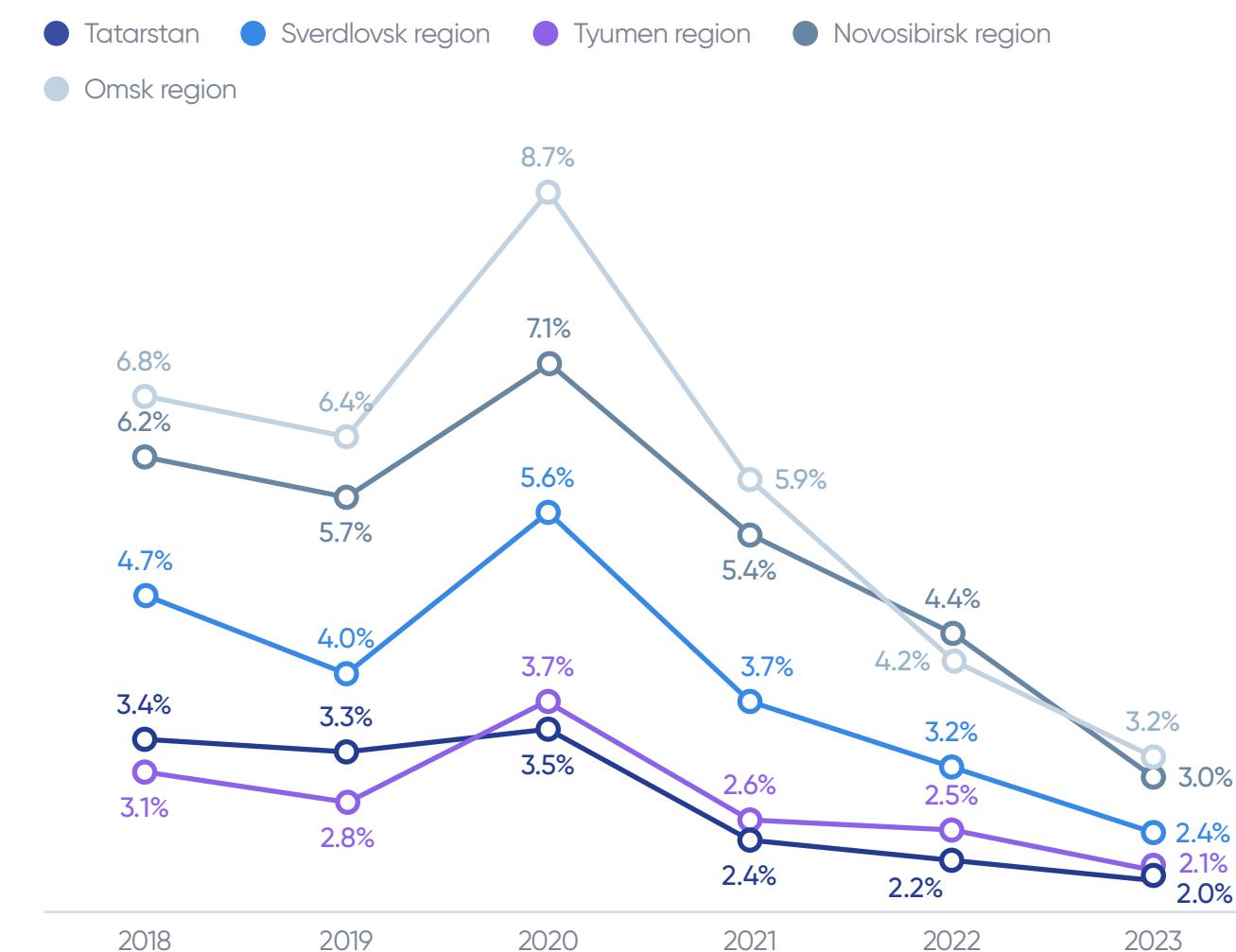
Source: Rosstat

INCREASED INVESTMENTS AND THE CREATION OF NEW JOBS IN REGIONAL MARKETS

In 2023, companies manufacturing products for import substitution and military-industrial enterprises continued to grow. A significant percentage of investments were made in regional markets. Capital investments increased by 33% in Tatarstan and by 26% in the Sverdlovsk region, while the average for the Russian Federation as a whole was only 20%.

The implementation of major infrastructure projects in regional markets created new jobs and reduced unemployment, which is at an all-time low in every region where the Company operates.

Record low unemployment rate in regional markets

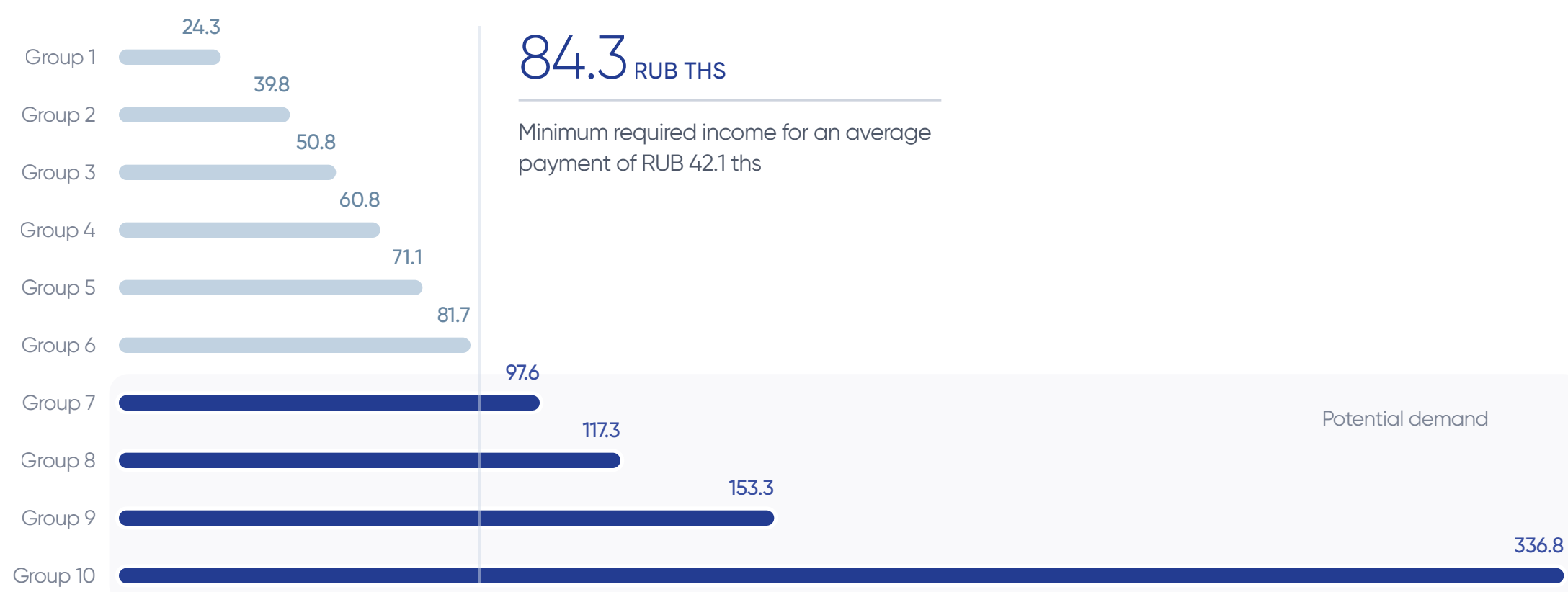


Source: Rosstat

REGIONAL MARKETS ARE A NEW DEMAND DRIVER

In 2023, potential demand in the Moscow and St Petersburg regions amounted to 40% of the working population; and in regional markets, 50%

Distribution of household income by deciles, Moscow and St Petersburg regions, average wages, RUB ths



Distribution of household income by deciles, regional markets, average wages, RUB ths



Source: Etalon Group's analysis based on Rosstat data. The average mortgage payment is calculated based on data from the Bank of Russia for an average term and with an average rate and an average-sized mortgage loan.

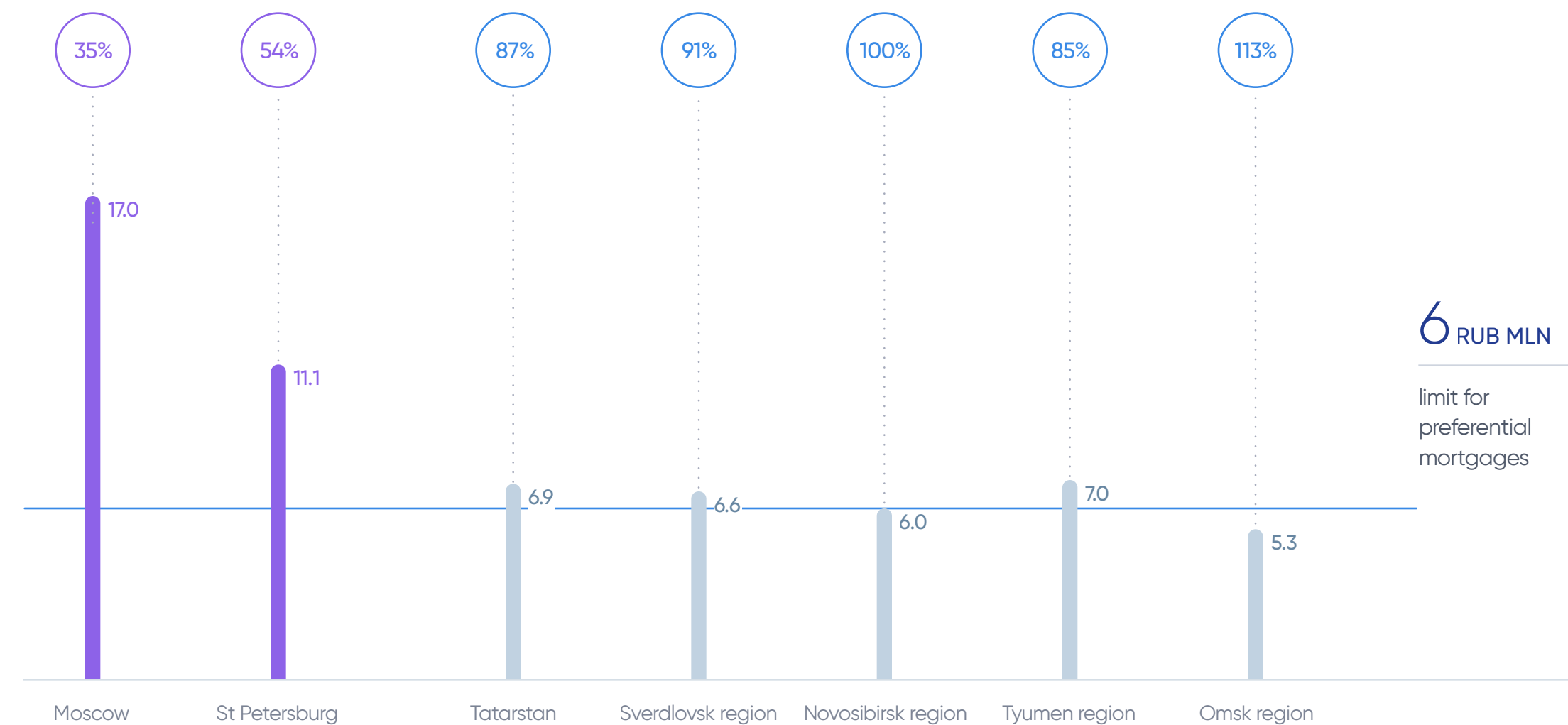
The active development of regional markets – investments in fixed assets, an increase in the number of jobs, the hiring of employees from other regions by companies in Moscow and St Petersburg for jobs that can be done remotely, etc. – will result in an increase in real disposable incomes, which in turn will increase the potential demand for housing.

In the Moscow and St Petersburg regions, the price of an average listing of 50 sqm greatly exceeds the new limits, which constrains potential demand. In regional markets, the limit covers more than 80% of the cost of the average listing, which makes the purchase of primary real estate at reduced interest rates much more affordable.

In December 2023, the Ministry of Finance of the Russian Federation introduced restrictions on preferential mortgage lending programmes: the required down payment was increased to 30%, and the maximum loan amount was reduced from RUB 12 million to RUB 6 million in Moscow and St Petersburg (the limit remained at RUB 6 million in other regions).

Average amount of a mortgage loan

Percentage of average mortgage covered by preferential mortgage limit



Source: Etalon Group's analysis based on data from the Unified Interdepartmental Statistical Information System; the amount of the average mortgage is based on an average listing of 50 sqm and the average price per sqm in the corresponding region

PROTECTING HOUSEHOLD SAVINGS THROUGH REAL ESTATE INVESTMENTS

Real estate is a proven way for investors and consumers to protect their capital.

In the context of restrictions on the use of various financial instruments (sanctions on exchanges, blocking of foreign accounts, etc.), investors are often choosing more conservative and simpler investment instruments to acquire physical assets.

The 8.5 p.p. increase in the key rate in the second half of 2023 had a positive impact on cash inflows to deposits, which reached nearly RUB 45 trillion as of the end of the year. Following the expected decrease in deposit rates, the most promising savings instrument will be real estate, which will support demand.

Amount of deposits and rate of return



Source: Bank of Russia

Record number of equity participation agreements in 2023

1,009

 THS

equity participation agreements registered
up 44% year-on-year



Key drivers that will support demand in 2024:

- **Growth of real wages**
In the Company's regional markets, this growth ranged from 8.4% to 13.2%, whereas the range was only 4.3% to 7.9% in the Moscow and St Petersburg regions
- **A sharp increase in the price of rent**
In Moscow, the average rental price increased by 40%; and in St. Petersburg, by 24%. In cities with a population of over a million, the increase was also 24%
- **Expectation of lower deposit rates and the reinvestment of funds in a defensive asset – real estate**
- **Expected reduction in mortgage rates and improved affordability of housing purchases**
- **Government support for the industry**

Types of government support for the industry

Preferential mortgage programmes	Direct monetary compensation ¹
<ul style="list-style-type: none"> + Government-backed mortgages Rate: up to 8% Limit: RUB 6 million 	<ul style="list-style-type: none"> + Child allowance From RUB 630 thousand to RUB 833 thousand
<ul style="list-style-type: none"> + Family mortgages Rate: up to 6% Limit: RUB 12 million in Moscow and the Moscow region as well as St. Petersburg and the Leningrad Region; RUB 6 million in other regions 	<ul style="list-style-type: none"> + Payments made to large families to help pay down their mortgage Up to RUB 450 thousand
<ul style="list-style-type: none"> + Rural mortgages Rate: up to 3% Limit: RUB 6 million 	<ul style="list-style-type: none"> + Tax deduction for the purchase of an apartment Up to RUB 260 thousand per person
<ul style="list-style-type: none"> + Military mortgages Special terms and conditions for military personnel 	<ul style="list-style-type: none"> + State housing certificate No fixed amount, for certain categories of citizens
<ul style="list-style-type: none"> + IT mortgages Rate: up to 5% Limit: RUB 18 million in cities with a population of over a million; RUB 9 million in other regions 	<ul style="list-style-type: none"> + Other subsidies No fixed amount, for certain categories of citizens

2.6

 RUB MLN

The highest-possible subsidy when buying an apartment with a mortgage²

In 2023, demand for primary housing was supported by government programmes, personalised offers from developers and improved affordability, especially in regional markets, on account of an increase in real disposable incomes and a lower average listing price.

In the future, demand in regional markets will be supported by record-low unemployment and increased investments in infrastructure projects and regional fixed assets.

These factors indicate that the regional expansion strategy that Etalon Group has been pursuing since 2021 has been the right one: according to a valuation of the Company's project portfolio, regional projects accounted for 64% of the portfolio as of 31 December 2023, and Etalon Group was operating in nine different regions as of April 2024.

¹ As of 4 April 2024.

² If all the conditions necessary for large families to receive payments, tax deductions and the use of child allowance payments to improve housing conditions are met.

Competitive environment

A record 110.4 mln sqm of housing was delivered in 2023, including 51.86 mln sqm in apartment buildings, 13.7% more than in 2022¹. Supply will continue to increase due to unmet demand, primarily in regional markets, and government support: it was announced in February 2024 that preferential mortgage lending programmes would be extended.

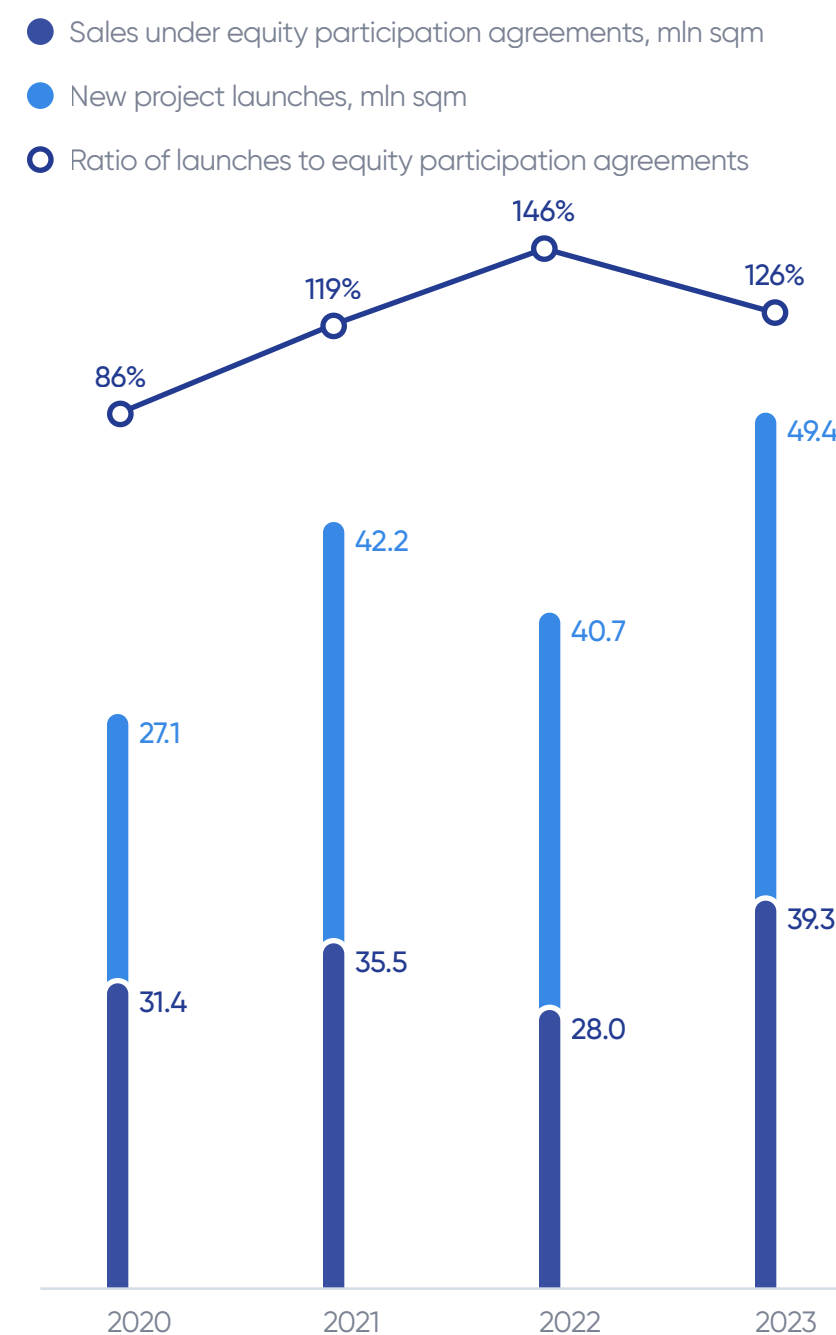


SLOWING LAUNCHES AND INCREASING SALES

Given the elevated key rate in 2023, many developers put off starting projects due to high project and corporate financing rates. On account of this factor as well as high demand, housing sales in new buildings increased nearly twice as fast as launches in 2023: as a result, developers brought only 26% more new projects to market than they sold, while the difference was 46% in 2022.

Strong demand for housing under construction led to an increase in sales: the volume of housing sold rose to 34 mln sqm (up 9% from 2022), accounting for 32% (up 1 p.p. for the year) of sales. Sales in housing under construction have decreased since 2020 on account of an increase in the amount of space put on sale: the percentage of housing sold rises to its highest point as the delivery date approaches.

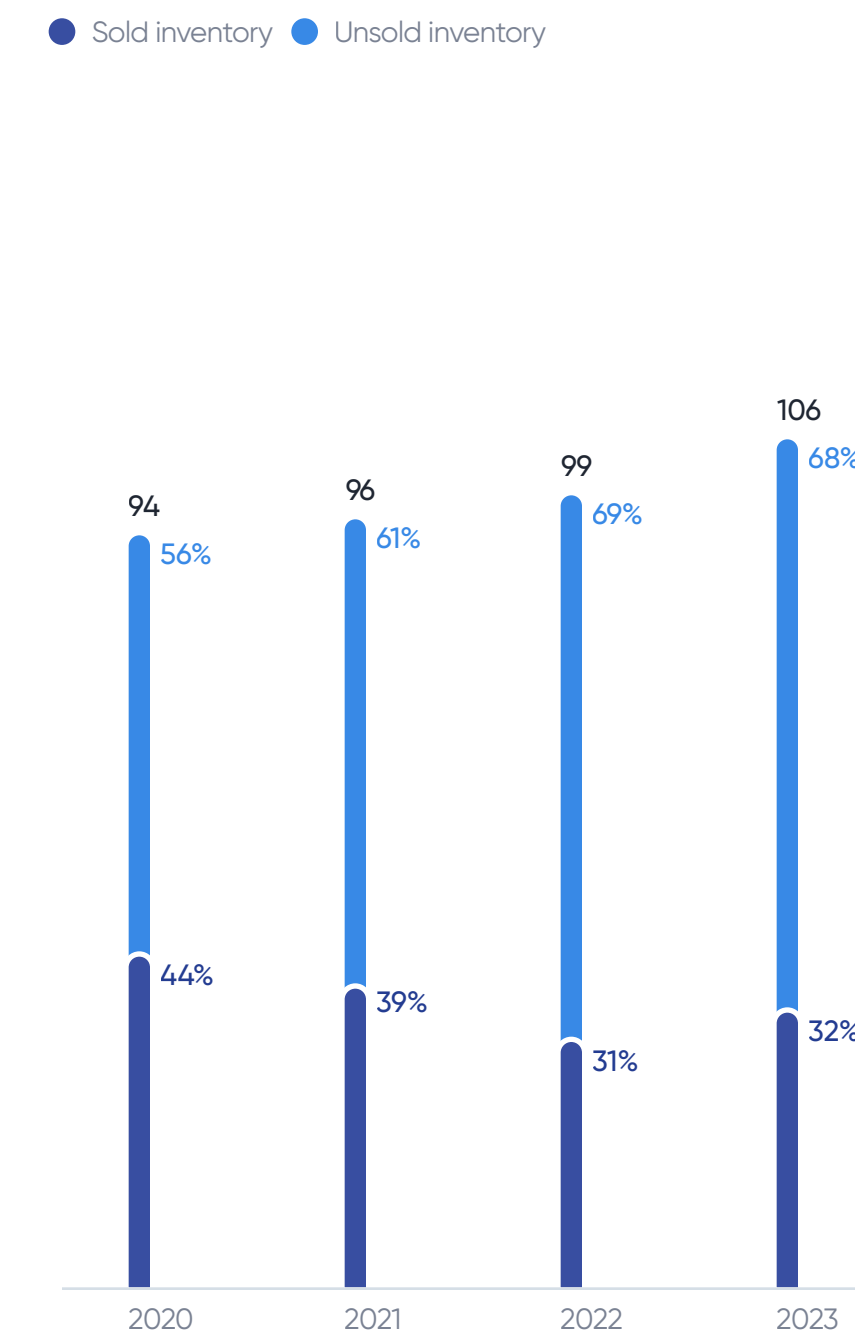
Slowdown in launches of new sales



> Source: Dom.rf

¹ According to Rosstat.

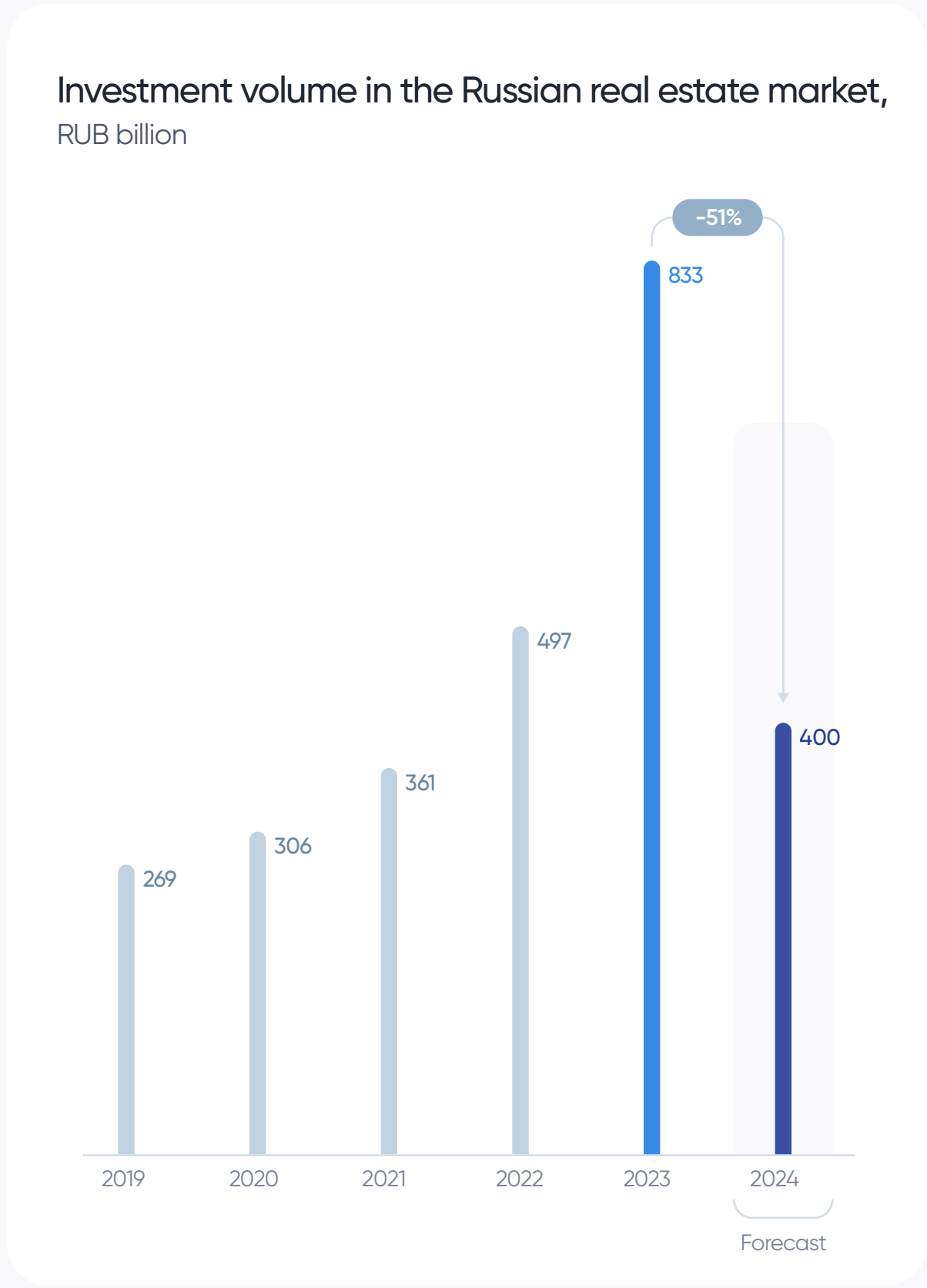
Portfolio of housing under construction, mln sqm



> Source: Dom.rf

EXPECTED REDUCTION IN INVESTMENT

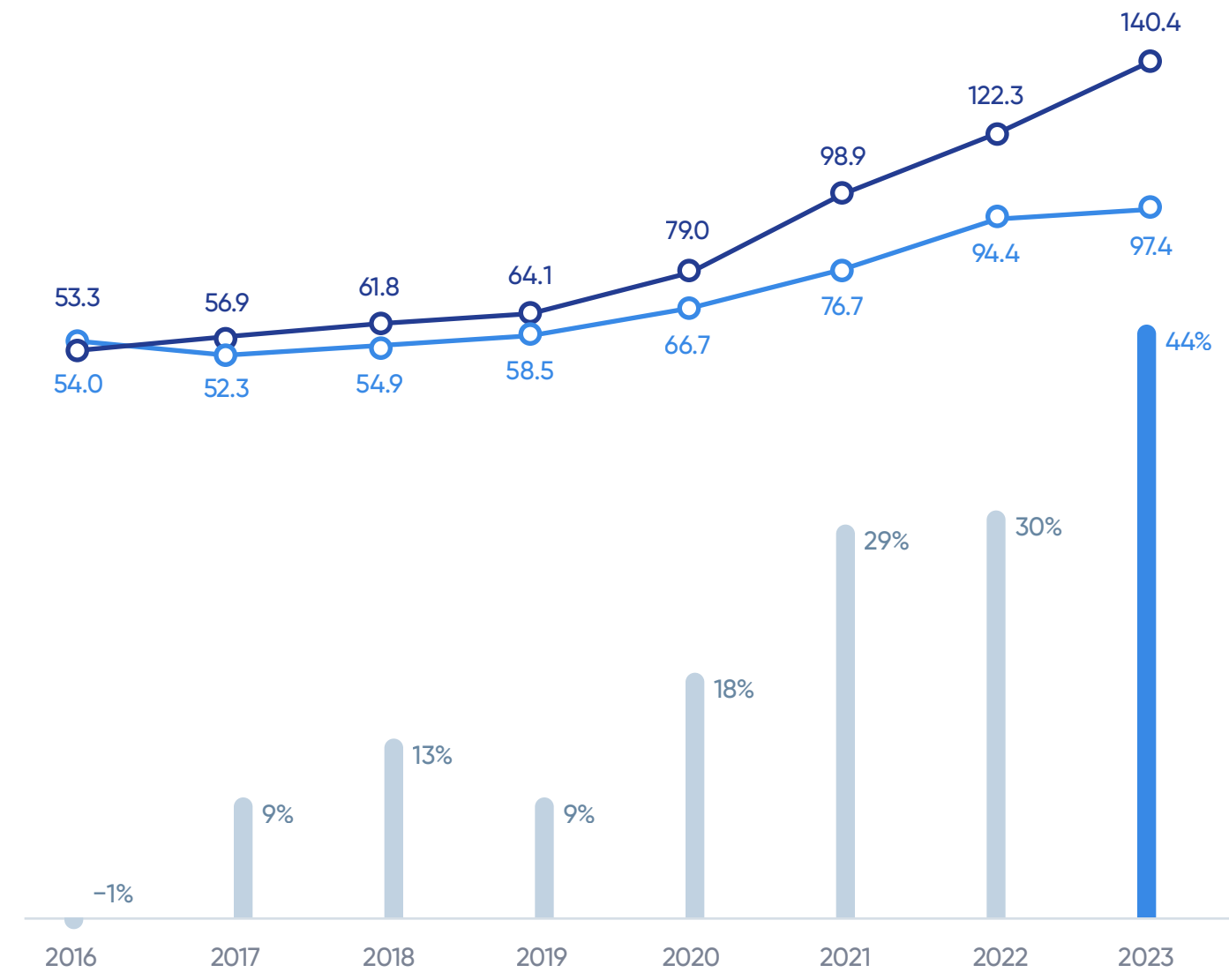
In 2023, investments in real estate increased by 68% to a record RUB 833 billion. Against the backdrop of a high key rate, the growth rate of real estate investments will stabilise, and the annual volume in 2024 will amount to RUB 400–450 billion, which will be comparable to the amount of investment seen in 2021–2022. The projected decline in investment will result in a supply reduction, especially on the part of smaller and medium-sized players, which, alongside stable demand, will drive industry consolidation and have a positive impact on the development of large players.



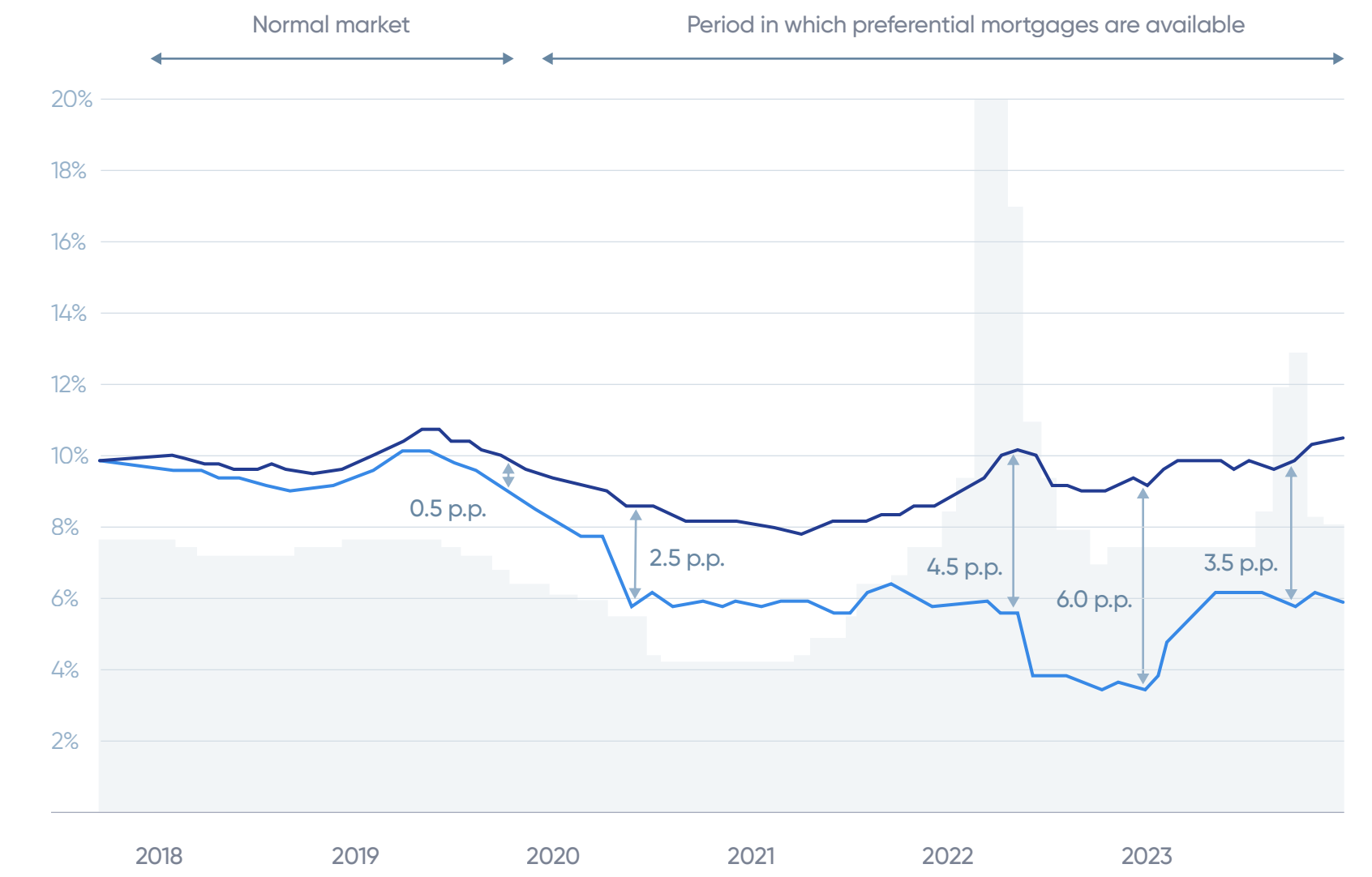
Source: IBC Real Estate

COMPETITION WITH SECONDARY HOUSING MARKET

Since 2020, the spread between mortgage rates and prices for primary and secondary real estate has been constantly growing due to preferential mortgage lending programmes. There has been a shift in demand for primary real estate in light of the high mortgage rates in the secondary market. In the medium term, a decrease in mortgage rates and increasing demand for housing will drive up prices in the secondary market.

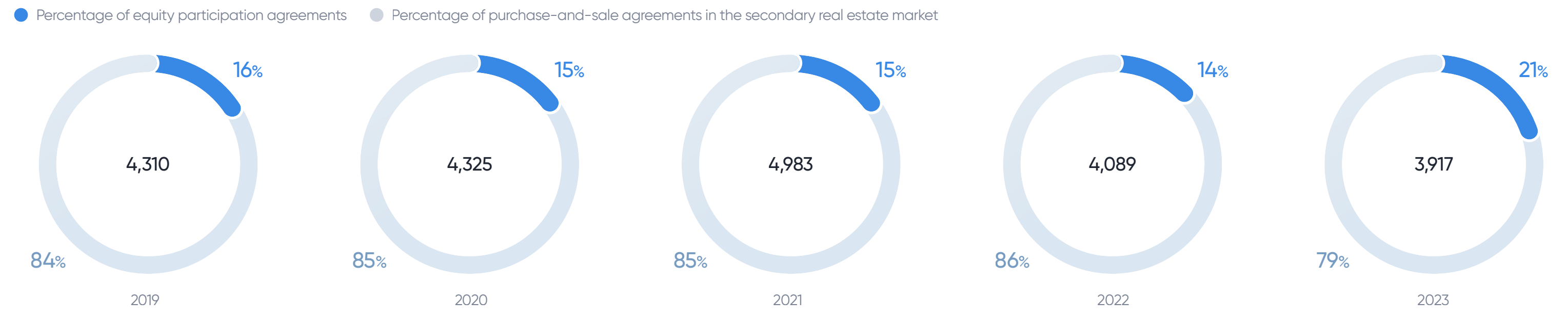


○ Price per sqm in the secondary market, RUB ths
 ○ Price per sqm in the primary market, RUB ths
 ● Price difference



— Mortgage rate in the secondary market
 — Mortgage rate in the primary market
 ● Bank of Russia key rate

Number of real estate transactions, ths



● Percentage of equity participation agreements
 ● Percentage of purchase-and-sale agreements in the secondary real estate market

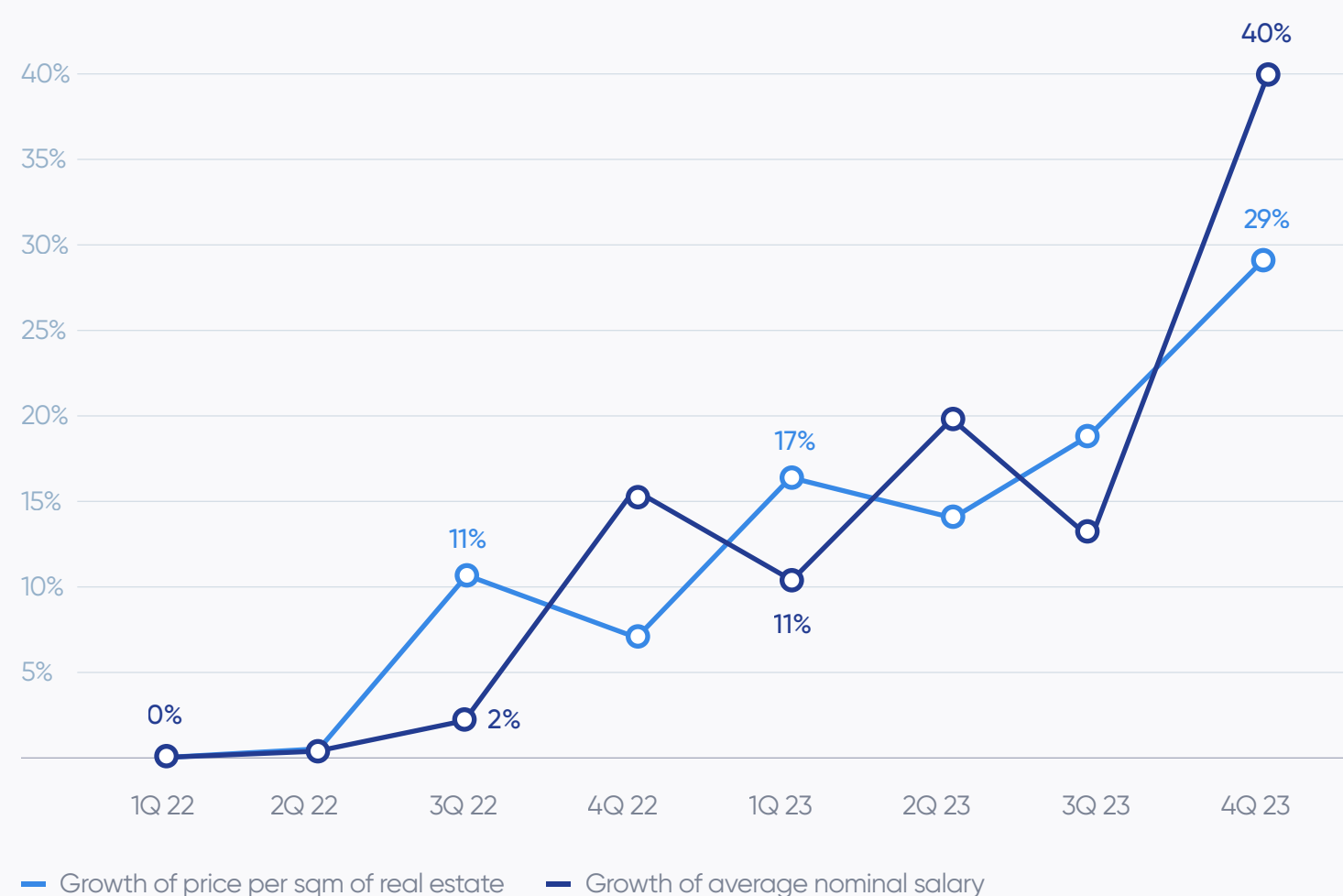
CHANGING CUSTOMER NEEDS

In 2024, the trend of rising demand in the mass-market segment, especially in regional markets, will continue as a result of an increase in income and in the number of employees working for military-industrial companies as well as a shift of a portion of demand from the mid-market segment. This shift from the mid-market segment will be offset by the entry of new members of the middle class – IT specialists and young entrepreneurs – into the market. Demand in the premium segment is expected to remain unchanged.

INCREASE IN THE END PRICE TO MAINTAIN TARGET MARGINS

The average price per sqm rose gradually in 2023, reaching RUB 140.4 thousand (up 15% year-on-year) by the end of the year.¹ By increasing the end price for the consumer, developers are able to meet their target margins at a time of rising construction costs, which is being driven by price inflation for building materials and labour.

Prices for most building materials continued to rise in 2023, although the inflation rate slowed compared with 2022. For example, the price of concrete mix rose 9%, while the price of rebar rose 35%.² The labour exodus and the price of construction services also continued to increase in the reporting year.



¹ Rosstat, Unified Interdepartmental Statistical Information System

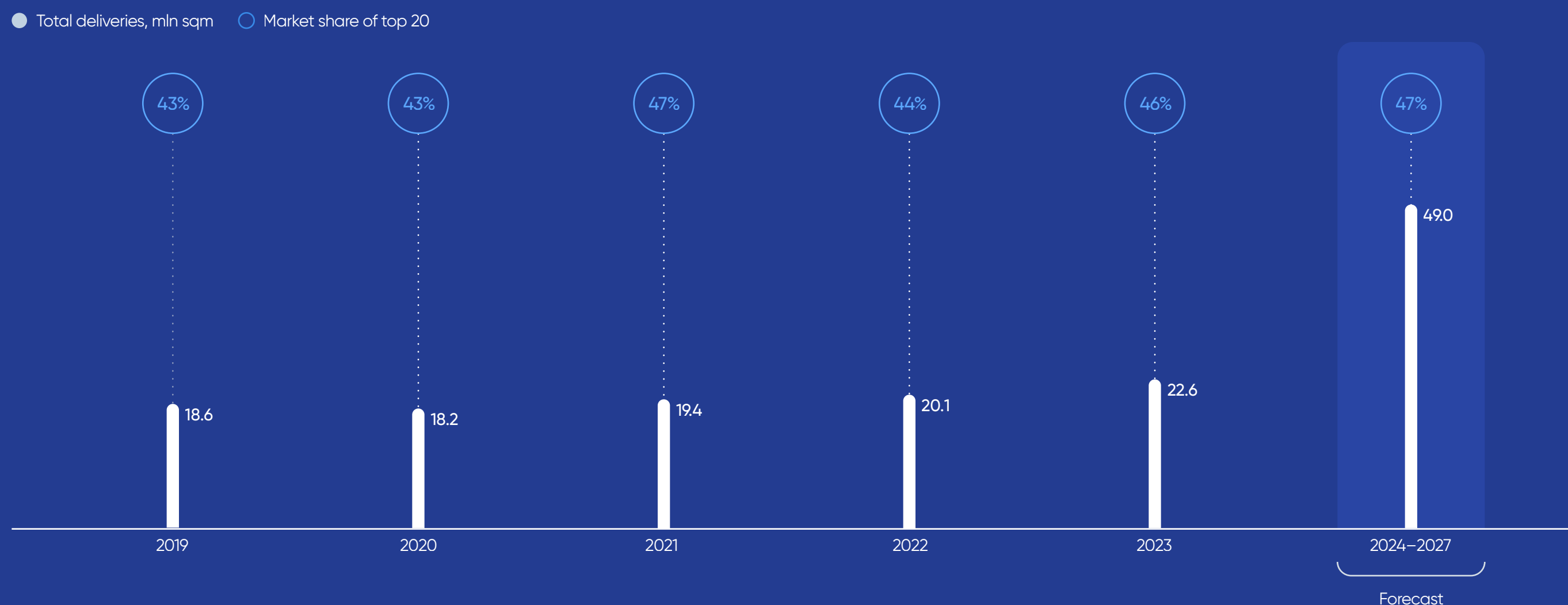
² Source: Dom.rf

INDUSTRY CONSOLIDATION

The trend towards industry consolidation continues, and by 2027 the top 20 developers will account for 47% of the supply of apartment buildings in Etalon Group's key regions of operations, and the number of small and medium-sized players will continue to decline.

The trend of active regional expansion also continues. This sort of expansion often takes place in the form of integrated development programmes or through inorganic growth, both of which require excellent in-house competencies and a large amount of free cash, which small and medium-sized players do not have. Organic growth through the purchase of land is complicated by the inability to obtain new financing due to the high key rate, which is reducing the number of small players.

The top 20 developers will bolster their positions



In the medium term, the consolidation trend in the development industry will continue, which will have a positive impact on the growth of large players, enabling them to capture a large market share. The supply from large developers will continue to shift to the mass-market segment on account of changing customer needs and growing demand for a more affordable product.

Etalon Group adheres to a strategy of increasing supply in the mass-market segment: based on a valuation conducted at the end of 2023, such projects accounted for 65% of the Group's project portfolio.

¹ Analysis based on data from Dom.rf on the delivery of apartment buildings in Etalon Group's key regions of operations: Moscow, the Moscow region, St Petersburg, the Republic of Tatarstan, the Omsk region, the Tyumen region, the Sverdlovsk region and the Novosibirsk region.

Strategy

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Strategy 2024



Our strategy is aimed at increasing the size of our business severalfold through regional expansion and by improving the efficiency of key business processes: from land asset management, design and construction to sales and comfortable residential occupancy at our complexes.

The achievement of these goals will be made possible thanks to the development of new technologies within the Company, including digital technologies based on artificial intelligence and state-of-the-art housing construction technologies.

Strategic goals and their fulfilment

Our current strategy was approved in late 2020. Since its announcement, we have been consistently achieving our goals, demonstrating excellent profit margins, actively expanding our regional operations and bolstering our position as one of the largest technologically advanced nationwide players.

	2024	2020	2023	CURRENT PROGRESS
	STRATEGIC GOAL	STRATEGY ANNOUNCEMENT		
PROJECT PORTFOLIO, MLN SQM	6.0+	3.3 ¹	5.9	+ Above target ²
NUMBER OF REGIONS OF OPERATIONS	8	2	8	+
SALES GROWTH IN MONETARY TERMS	Double-digit increase	+3%	+80%	+
PRE-PPA GROSS MARGIN	>35%	29% ³	35%	+
RATIO OF NET CORPORATE DEBT TO PRE-PPA EBITDA	2x–3x	1.8x	1.9x	+ Below target
RATIO OF SELLING AND ADMINISTRATIVE EXPENSES TO REVENUE	10%	10%	14.2% ⁴	→ On track we expect this metric to recover as we increase the size of our business and add new technological innovations

¹ In the context of the announced strategy, this metric is indicated as of the end of 2019.

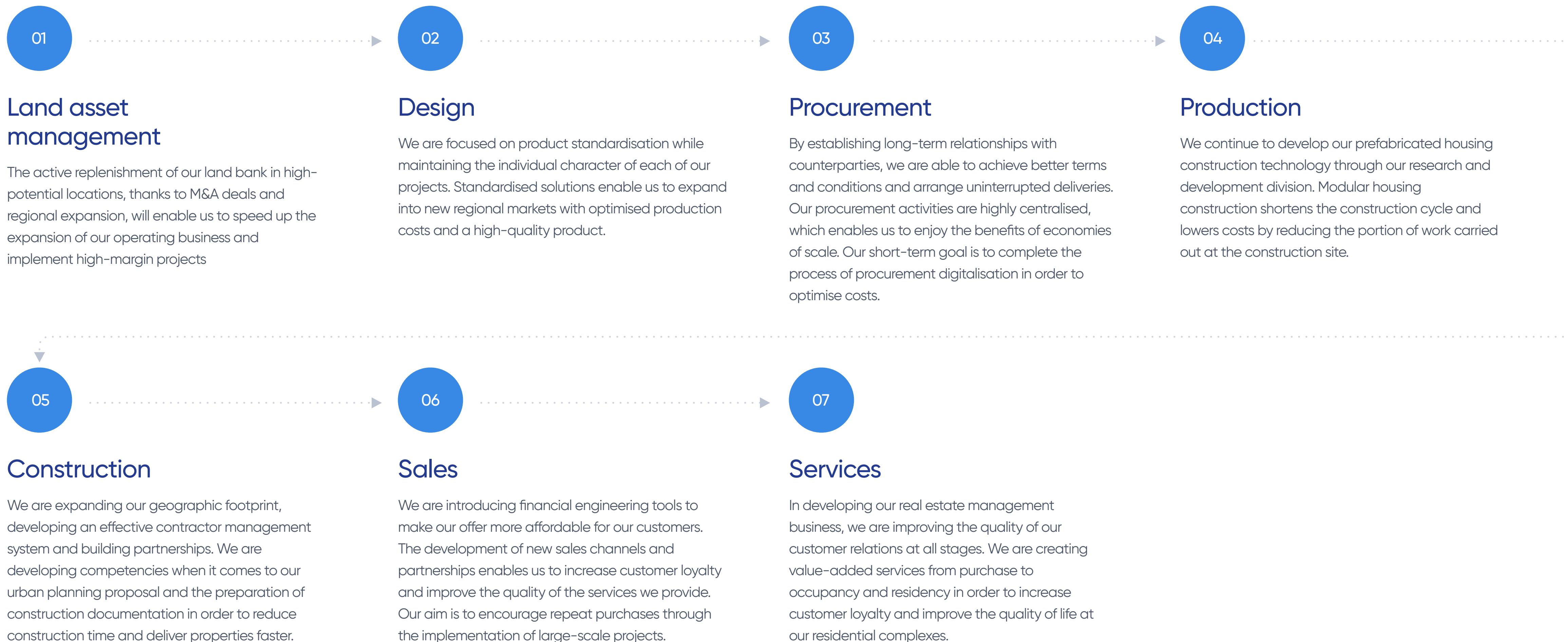
² Including a project in Rostov-on-Don acquired in 1Q 2024.

³ Based on 1H 2020 financial results.

⁴ Taking into account the costs associated with the launch of new projects.

Strategy for developing the value chain

Overhauling our key business processes will enable us to achieve our goals and adapt our business model to the rapidly changing external environmental.



Strategic initiatives

1. Business expansion through the development of an affordable product in regional markets

Expanding our business severalfold at a time of macroeconomic instability will enable us to remain competitive. Increasing construction volumes and becoming a leader in regional markets will enable us to build relationships with contractors and suppliers on the best terms.

✓ Expansion of our regional portfolio

In order to expand our business, we are increasing the number of regions where we operate. Regional markets have excellent potential thanks to the large amount of unmet housing demand alongside increased investment in infrastructure projects, rising disposable incomes in regional markets and the continued affordability of mortgage lending.

We are actively developing in eight regions where we are implementing integrated development and affordable housing projects, and we plan to further expand our business. In early 2024, we completed the acquisition of a stake in a joint venture to implement a major project in Rostov-on-Don.

Criteria for expanding into new regions:

- cities with a population of at least 1 million and effective demand for quality housing in the mass-market segment
- around 20%–23% of the population can afford to buy a home from Etalon Group, including with the help of mortgage financing
- gross margin at the target level of over 30%

Strategy for regional expansion:

- predominantly with a large-scale anchor project
- addition of medium-sized and infill projects to the land bank

Development of a balanced portfolio of projects consisting of one integrated development anchor project and 3–4 small projects to diversify our offer for customers in the region

✓ Standardised, affordable product

We are improving our product offering in order to expand into new regions quickly. This involves the creation of a quality standardised product with certain features and characteristics. We are developing standards through our work with master plans, facades, layouts and services, and we are adapting them based on the specifics of the region in question. A standardised product creates opportunities to optimise the design, procurement and construction processes.

In order to make our housing more affordable for our customers, we are developing financial products and partner programmes, including mortgage lending, interest rate subsidies, cashback programmes, etc.

By focusing on financial engineering and the detailed development of product features, we are able to put together a comprehensive offer for our customers.

✓ Cost efficiency

We are focused on improving production costs while maintaining the high quality of our product. We aim to optimise costs at all stages of the development cycle, from the purchase of land to the sale of real estate.

We are developing partnership mechanisms for the purchase of land plots in order to reduce the cost of project entry. We are optimising our procurement activities by developing long-term partnership agreements with suppliers and creating a single procurement database.

We are able to optimise production costs through economies of scale – by increasing supply – and the development of a standardised product.

We are able to achieve high project margins thanks to comprehensive work at every stage of the development cycle.

RESULTS FOR 2023 AND EARLY 2024

- A portfolio shift towards the affordable price segment: 65% of projects¹ at the design and construction stages are in the mass-market segment
- Expansion of regional operations: regional projects account for 64% of our current portfolio
- Increased regional presence thanks to our entry into the development market in the Rostov region with a project with NSA of over 2 mln sqm
- The gross margin of our regional projects in 2023 was 37% (above the target of 35%)

¹ The percentage of total NSA in the Company's current portfolio (Etalon Group's share) as of 31 December 2023.

Strategic initiatives

2. Digitalisation of business processes through the development of a tech platform

The development of in-house digital tools will enable us to increase the efficiency and transparency of our business processes and achieve our strategic goals. We are developing a proprietary tech platform that covers several stages of the development cycle and will have an impact on management and decision-making efficiency thanks to high-quality analytics.



Solution libraries and standardisation

Stage: design

Development of a library of standardised elements and principles for the creation of design solutions that make it possible to generate numerous product variations while optimising costs.

LIBRARY OF STANDARDISED ELEMENTS (VARIETY OF DATA TYPES)

- apartments
- facades
- sections
- street profiles

ADVANTAGES

- **efficiency:** use of the most popular and most efficient design solutions
- **variability:** our libraries' extensive content enables us to choose from the available options to create a final product with a wide variety of solutions

Predictive analytics

Integration of an artificial intelligence-based location analytics system:

- identifies the most important parameters of future projects
- evaluates the optimal project segment
- predicts the cost per sqm



Digital technical specifications

Stage: design

The use of digital technical specifications enables us to automate the process of creating and adjusting design specifications.

The use of digital technical specifications also enables us to link the specifications with the library of components and materials that we use to develop the BIM models for our buildings.

Stage: land valuation before acquisition



Master planning robot

Stage: design

Automated master planning with functions for creating concepts for mixed-use development morphotypes, including transportation and social infrastructure, site-specific solutions, ready-made collections of standardised design solutions and algorithms for use at the design and working-documentation stages.

The full-scale integration of computer-aided design will greatly improve design efficiency:

- simulating a large number of scenarios for land plots
- speeding up the development of various project stages (from the creation of the concept to the so-called P – "Project" – stage, where key architectural, urban planning, environmental and process decisions are made)



The introduction of standardised elements and solutions as well as design automation and digital technical specifications enables us to develop a single automated chain linking data and processes at all stages of product development, thereby supporting digitalisation, thus improving the efficiency of key operations at all the main stages in the development of investment and construction projects.

Strategic initiatives

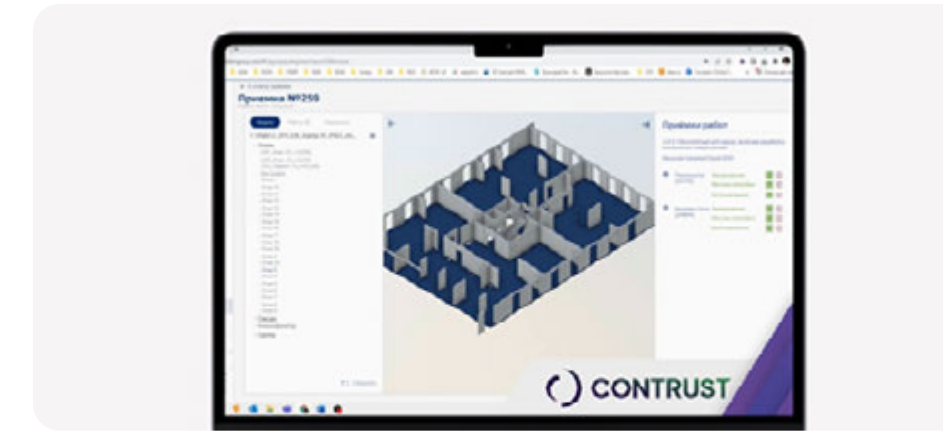
2. Digitalisation of business processes through the development of a tech platform



Centralised procurement

Stage: procurement at all stages of the construction cycle

Automation of the centralised procurement and supply system aimed at reducing costs and construction schedules. The inclusion of an automated centralised procurement system as part of our tech platform enables the rapid integration of new suppliers and reorientation towards new procurement channels, which, in future, will make it possible to optimise supply chains and achieve economies of scale when managing a business with a broad geographic footprint.



CONTRUST

Stage: design, construction, operations

Launch of a real-time construction oversight system that uses digital tools to manage the timing, cost and quality of in-progress investment and construction projects.

Proprietary information systems have been developed that customers can use:

- to follow daily updates and project dynamics
- leave comments and monitor progress in terms of document approval



BIM during operations

Stage: operation of completed properties

Integration of utilities and telecommunication systems into a single network in order to reduce costs and provide seamless services for the developer and the management company.

RESULTS FOR 2023 AND EARLY 2024

01

The development of CONTRUST platform modules completed: internal quality acceptance, transfer of apartments to buyers

02

The development of the BIM Inspector module for quality control of 3D models began

03

Testing of the master planning robot under way

Strategic initiatives

3. Development of hybrid construction technology

We were one of the first developers to adapt hybrid construction technology for its projects. Our aim is to increase the percentage of prefabricated items in projects in order to shorten the construction cycle at the construction site by producing both individual elements and modules off-site.

Our strategy for developing our production facility involves the construction of a full-cycle plant and the creation of an extensive product line: LTWS profiles, facades, shaft panels, modules.

The plant has the capacity to produce 1,000 modules per year, with the possibility of further ramping up production. Further development of the plant will focus on the production of modules and prefab elements.

Modular technology

What sets modular technology apart is that modules are produced at a plant and later transported to the construction site for installation. The use of this technology makes it possible to shorten the construction cycle, as the production process is carried out at the same time that the foundation is being laid. The modules are made of light steel elements, which facilitates transportation.

Since they are factory-assembled, modules come with improved insulation properties and finishing included.

At the same time, modular technology supports a variety of layout options. Thanks to their specific features, modules can be used for different market segments: residential apartment buildings and private housing construction.

By completing 85% of the work beyond the construction site, it is possible not only to shorten the construction cycle by 15%–20% but also to reduce the number of workers at the construction site. This approach reduces costs and guarantees stable product quality.

Prefabricated construction

We have been developing our in-house prefabrication technology since 2021, at our Galactica and Che Quarter projects in St Petersburg. Hybrid technology increases the amount of prefabrication from 20% to 40% of the cost of construction and installation works. We are able to accomplish this by producing buildings' structural elements – internal partition walls and prefabricated facade panels – at our plant.

We also use prestressed floor slabs at our properties. The advantage of using these slabs is in the considerable length of the spans, with minimal production costs and construction schedules, while maintaining a high degree of reliability.

Our plant enables us to produce key assemblies, utilities systems, plumbing and other finishing details off-site.

RESULTS FOR 2023 AND EARLY 2024

01

The first phase of production of our modular plant was launched

02

A sample pilot shaft frame was prepared and installation was tested

03

Design documentation was developed; the production of profiles and the installation of a modular showroom got under way

Strategic initiatives

3. Development of hybrid construction technology

Adapting state-of-the-art industrial housing construction technologies for further efficiency improvements

2020

ConTech division created and related development strategy adopted



Innovative strategy

- Focus on **contech** in order to improve operational efficiency
- Development of **products** that help improve the value chain and have **potential for further commercialisation**

2021

Modular technology acquired



Acquisition of a 35% stake in the start-up QB Technology

- Access to **state-of-the-art modular housing** construction technology
- **Adaptation** of the technology got under way

2022

Technology tested



Pilot production of modules launched



2024^{and beyond}

Production and piloting of the technology



- Launch of the first phase of the Company's in-house **production capacities**
- **Piloting** of the technology at Etalon Group projects

up to **50%**
reduction in labour requirements

up to **40%**
reduction in construction cycle costs

Project portfolio

/10

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Portfolio highlights

In 2023, Etalon Group continued expanding its project portfolio, mainly as a continuation of the regional expansion launched in 2021. Over the past two years, the Company's portfolio has added projects of various sizes in eight regions of operations, including five new regions.

In February 2023, the Company received permits to begin construction of the first phase of a new residential complex in the Novosibirsk region, which became the Group's eighth region of operations.

Today, the Company's footprint includes St Petersburg, Moscow, the Moscow region, Omsk, Novosibirsk, Ekaterinburg, Tyumen and Kazan. In 2024, the Company had entered its 9th region, the Rostov Region, with a large-scale project of integrated territorial development.

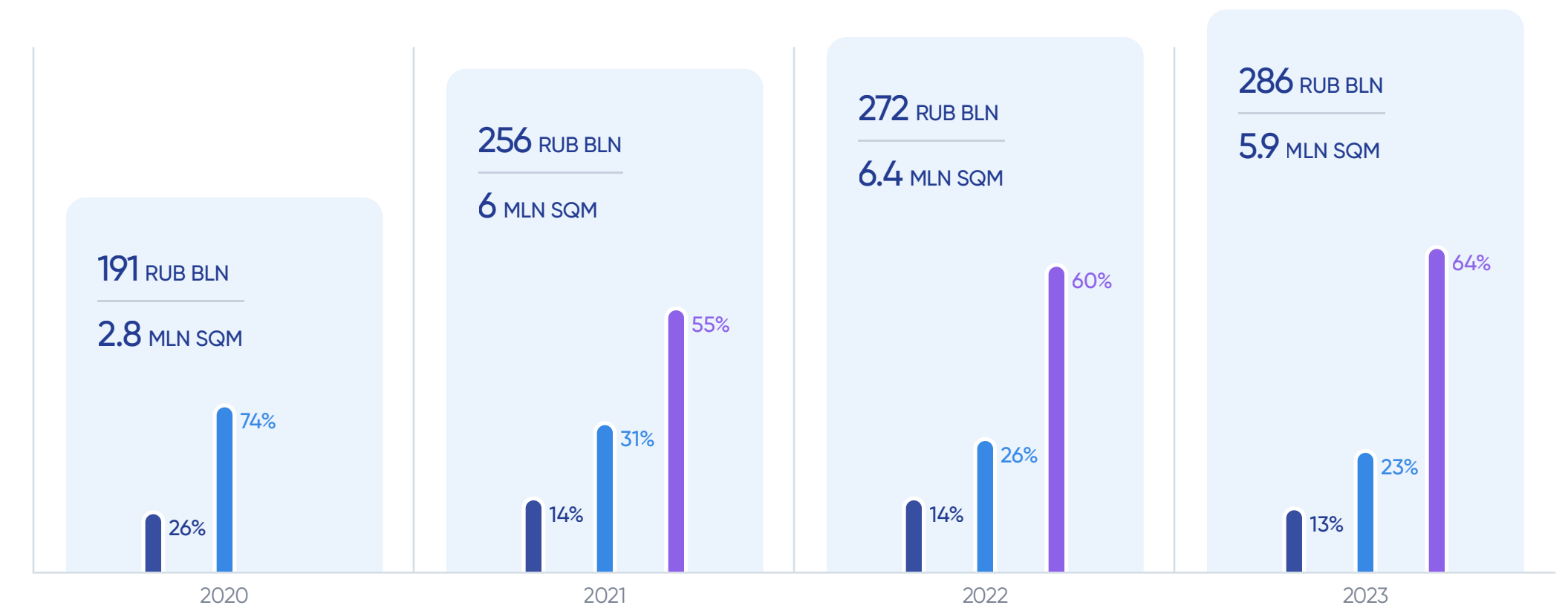
When it comes to developing its project portfolio, the Company is focused on expanding its regional presence and shifting its offer to a more affordable price segment. In response to market challenges in 2023, the Company increased its share of projects in the mass-market segment to 65%.

As of the end of 2023, the Company's project portfolio, with total NSA of 5.9 mln sqm, had a market value of RUB 303 billion (compared with RUB 288 billion in 2022). The market value of the Company's land bank, in sqm terms, increased by 15% year-on-year.

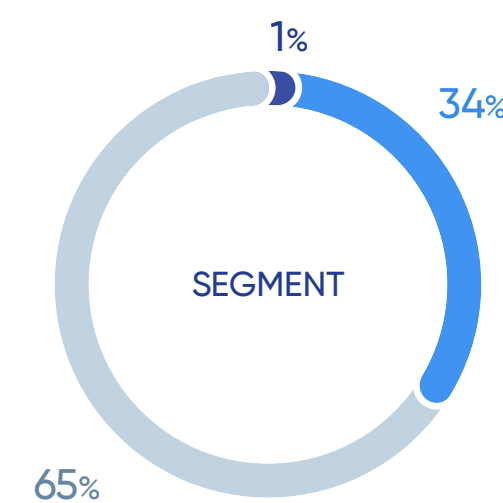


Project portfolio by region, value and size

- St Petersburg
- Moscow and the Moscow region
- Other regions

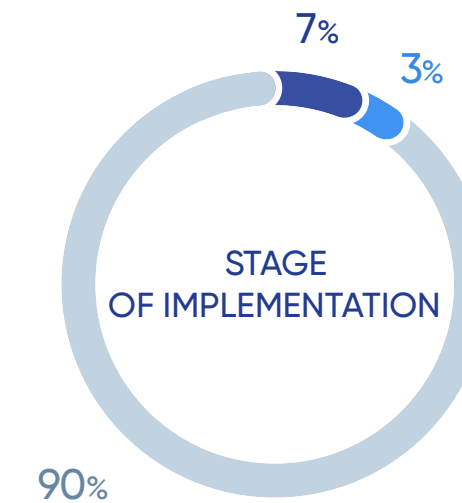


2023 project portfolio



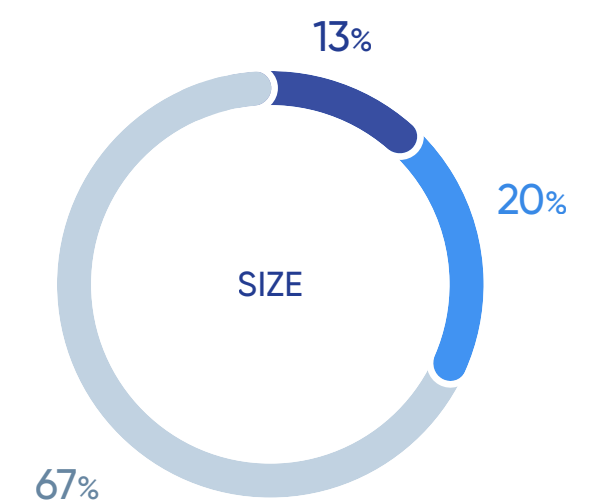
- Mass market
- Mid-market
- Premium

The Company's portfolio consists mainly of projects in the mass- and mid-market price segments. In line with its strategy, the Group increased its share of projects in the affordable price segment to 65% in 2023, and its share of regional projects to 64%.



- Construction
- Design
- Completed

Etalon Group has 72 projects at various stages of implementation, including residential complexes that have already been completed as well as 32 projects at the construction and design stages.



- Flagship projects, at least 300 ths sqm
- Medium-sized projects, 50-300 ths sqm
- Infill projects, 5-50 ths sqm

The Company's strategy for developing its land bank involves expanding into new regions with a large-scale flagship project and further bolstering its position in the region through medium-sized and infill development projects.

Project portfolio strategy

Etalon Group's approach to further diversifying its project portfolio is based on the following principles.

01

Optimal portfolio structure in terms of size

In each region, the Group is developing one integrated development anchor project, 5–6 medium-sized projects and up to 10 infill development projects.

02

Making projects more affordable and ensuring that they are of high quality

The Company's portfolio includes projects in both the mid- and mass-market segments. However, more than half of Etalon Group's projects are in the affordable housing segment. In regional markets, the Company offers mass-market properties with excellent consumer features.

03

Dual-track expansion of the project portfolio: through organic growth in regional markets and through strategic M&A deals

Organic growth in regional markets

Several regions offer enticing conditions for nationwide developers, including the possibility of obtaining land rights in exchange for transferring a certain amount of built space to the landowner. The Group benefits from such a setup, as it does not have to divert funds to pay for the acquisition of land before starting construction.

The Group is also acquiring sites in key markets if they complement its existing project portfolio and come at a good price or offer unique features.



Inorganic growth

The Group is considering acquiring existing companies in key regions. In the case of the acquisition of a site as part of an M&A deal, the cost of the same area in the capital region might be much lower than it would be if it were acquired as a stand-alone site for construction.

The Group considers M&A deals in regional markets if they are more attractive than organic growth.



34.3 RUB BILLION

total value of Etalon Group's M&A deals since 2019

The Group has been among the leaders in terms of the volume of M&A deals in the Russian market since 2019.

In completing such deals, the Company is guided by the following criteria:

synergistic impacts to achieve strategic goals

the degree to which the deals complement the Company's project portfolio

the ability to achieve target profit margins

the ability to maintain a stable financial position with a ratio of net corporate debt to pre-PPA EBITDA of no higher than 3x.

Acquisition of Leader-Invest

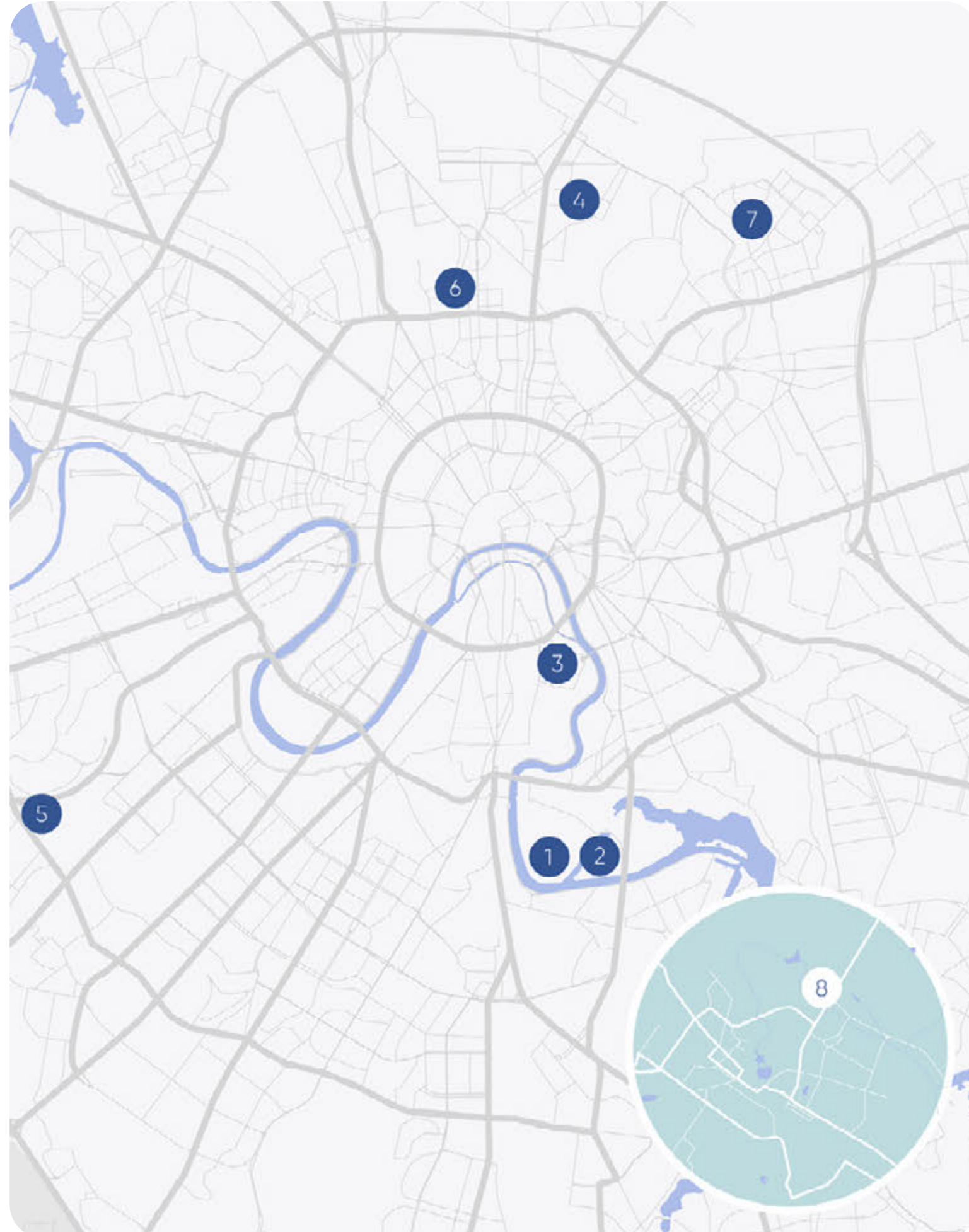
In February 2019, the Group acquired the leading Moscow developer, Leader-Invest, for RUB 29.7 billion. As part of the deal, the Company received a portfolio of 31 projects in Moscow with NSA of 1.3 mln sqm, increasing the Group's project portfolio by 50% as well as its profit margins thanks to projects in the business and premium segments. It took only eight months to complete the integration of Leader-Invest.

Acquisition of YIT Russia

In May 2022, the Group acquired YIT Russia for RUB 4.6 billion. The deal included 19 projects in 5 Russian regions with NSA of 0.6 mln sqm. In addition, the Company acquired exclusive rights to the Dispatcher 24 platform for managing apartment buildings, which includes a call centre, an ecosystem for housing services and utilities, as well as a library of design solutions. The deal enabled Etalon Group to expand its regional portfolio considerably, enter new markets and augment its technical competencies. Three months later, the Group began selling YIT projects under the Etalon brand. The integration of YIT Russia was completed in 4Q 2022.

Current projects

Moscow and the Moscow region



Project	Status	Total NSA ¹ , ths sqm	Unsold NSA ¹ , Group share, ths sqm ²	Unsold parking, spaces	Market value, RUB mln	Income from sales, RUB mln ³	Construction budget, RUB mln ⁴	Unused construction budget, RUB mln ⁴
CURRENT PROJECTS								
MOSCOW AND THE MOSCOW REGION								
1 Zil-Yug	Construction	1,180	973	8,165	88,412	477,709	260,703	228,220
2 Nagatino i-Land	Construction	259	161	1,088	27,961	62,700	43,240	23,202
3 Voxhall	Construction	65	53	525	8,123	35,236	15,290	10,760
4 Silver Fountain	Construction	189	31	710	3,388	5,514	22,076	1,408
5 Wings (Lobachevskogo 120)	Construction	171	23	50	1,249	9,049	21,433	7,547
6 Oktyabrskaya	Design	11	11	63	1,263	5,706	2,783	2,690
7 3rd Grazhdanskaya	Design	16	16	127	1,561	6,261	3,436	3,428
8 Desyatka	Construction	35	25	203	1,960	4,237	2,826	1,535
TOTAL MOSCOW AND THE MOSCOW REGION		1,926	1,293	10,931	133,917	606,411	371,787	278,790

> Nikoliers' valuation as of 31 December 2023

¹ NSA – net sellable area.

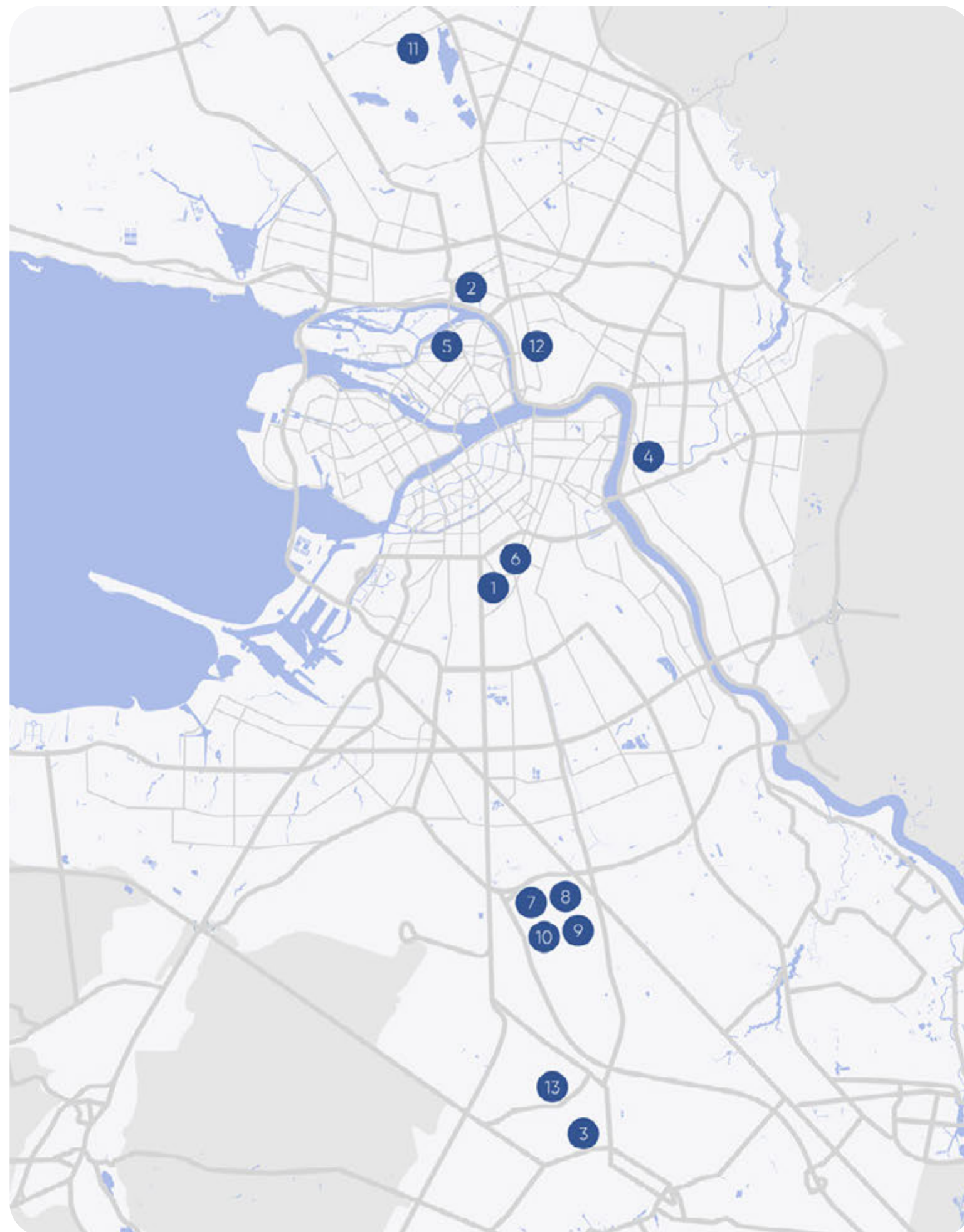
² Including parking. The parking area at launched projects with partially sold parking lots is calculated as 30 sqm per parking space.

³ Income from sales includes potential and received revenues as of 31 December 2023.

⁴ Excluding land acquisition costs.

Current projects

St Petersburg



Project	Status	Total NSA ¹ , ths sqm	Unsold NSA ¹ , Group share, ths sqm ²	Unsold parking, spaces	Market value, RUB mln	Income from sales, RUB mln ³	Construction budget, RUB mln ⁴	Unused construction budget, RUB mln ⁴
CURRENT PROJECTS								
ST PETERSBURG								
1 Che Quarter	Construction	113	42	820	6,990	10,320	10,829	830
2 Domino	Construction	40	27	306	3,053	7,555	4,730	447
3 Pushkin Village	Design	136	113	634	2,181	21,766	15,780	15,419
4 Krasnogvardeiskiy district	Design	24	24	217	1,464	7,943	4,060	4,060
5 Professor Popov street	Construction	63	55	470	10,080	35,918	13,435	12,946
6 Kiyevskaya	Design	35	34	279	1,801	9,536	5,090	4,970
7 Monograph	Construction	36	27	84	1,562	6,703	4,099	2,192
8 Class!	Construction	40	40	150	1,571	8,114	4,699	4,371
9 Shushary, Shkolnaya, zone 9	Construction	28	28	100	924	5,662	3,192	3,075
10 Shushary, shkolnaya, zone 25	Construction	33	33	100	1,064	7,029	3,900	3,780
11 Novoorlovsky	Construction	50	17	266	1,326	3,488	4,225	963
12 iLona	Construction	24	9	121	2,248	4,400	2,917	458
13 Pulkovo House	Construction	12	8	0	689	2,556	1,350	1,139
TOTAL ST PETERSBURG		633	458	3,547	34,953	130,989	78,307	54,650

> Nikoliers' valuation as of 31 December 2023

¹ NSA – net sellable area.

² Including parking. The parking area at launched projects with partially sold parking lots is calculated as 30 sqm per parking space.

³ Income from sales includes potential and received revenues as of 31 December 2023.

⁴ Excluding land acquisition costs.

Current projects

Projects in other regions



> Nikoliers' valuation as of 31 December 2023

¹ NSA – net sellable area.

² Including parking. The parking area at launched projects with partially sold parking lots is calculated as 30 sqm per parking space.

³ Income from sales includes potential and received revenues as of 31 December 2023.

⁴ Excluding land acquisition costs.

Project	Status	Total NSA ¹ , thsqm	Unsold NSA ¹ , Group share, thsqm ²	Unsold parking, spaces	Market value, RUB mln	Income from sales, RUB mln ³	Construction budget, RUB mln ⁴	Unused construction budget, RUB mln ⁴
PROJECTS IN OTHER REGIONS								
OMSK								
1 Green River	Construction	1,392	1,267	11,481	28,792	178,871	113,983	107,942
TOTAL OMSK		1,392	1,267	11,481	28,792	178,871	113,983	107,942
NOVOSIBIRSK								
2 Schastye v Koltsovo	Construction	256	246	970	5,917	35,633	26,034	25,599
TOTAL NOVOSIBIRSK REGION		256	246	970	5,917	35,633	26,034	25,599
EKATERINBURG								
3 Solnechniy	Construction	1,809	1,699	1,397	30,211	298,765	159,853	157,271
4 Suomen Ranta	Construction	34	17	272	1,776	4,048	2,443	773
5 Rauta	Construction	108	99	886	1,943	12,968	8,925	7,659
6 Baltym-Park	Construction	234	223	0	663	31,180	30,417	29,869
TOTAL EKATERINBURG		2,184	2,038	13,555	34,593	346,961	201,638	195,572
TYUMEN								
7 Project in Tyumen	Construction	219	101	743	2,091	9,687	5,916	-
8 Schastye v Tyumeni	Construction	58	27	695	1,760	4,766	4,242	2,322
TOTAL TYUMEN		277	128	1,438	3,851	14,453	10,158	2,322
KAZAN								
9 Schastye V Kazani	Construction	56	47	529	4,168	13,486	7,415	6,582
10 Suita	Construction	31	10	175	1,488	4,106	3,084	1,477
11 Green	Construction	22	6	59	644	1,479	1,569	419
TOTAL KAZAN		109	63	763	6,300	19,071	12,068	8,478
TOTAL CURRENT PROJECTS		6,775	5,494	42,685	248,323	1,332,391	813,975	673,353

Completed projects and production assets



Project	Status	Total NSA, ths sqm	Unsold NSA, ¹ Group share, ths sqm ²	Unsold parking, spaces	Market value, RUB mln	Income from sales, RUB mln ³	Construction budget, RUB mln ⁴	Unused construction budget, RUB mln ⁴
COMPLETED PROJECTS								
Residential property in completed projects		4,435	388	7,359	33,479	47,025		
Completed stand-alone commercial properties			2		54			
TOTAL COMPLETED PROJECTS		4,435	390	7,359	33,533	47,025		
LAND PLOTS								
Land plots for sale					4,128			
TOTAL ETALON GROUP PROJECTS		11,210	5,884	50,044	285,984	1,379,415	813,975	673,353
PRODUCTION UNIT								
Production Unit's business and properties			18		16,542			
TOTAL ETALON GROUP ASSETS		11,210	5,902	50,044	302,526	1,379,415	813,975	673,353



Nikoliers' valuation as of 31 December 2023

¹ NSA – net sellable area.

² Including parking. The parking area at launched projects with partially sold parking lots is calculated as 30 sqm per parking space.

³ Income from sales includes potential and received revenues as of 31 December 2023.

⁴ Excluding land acquisition costs.

Portfolio overview

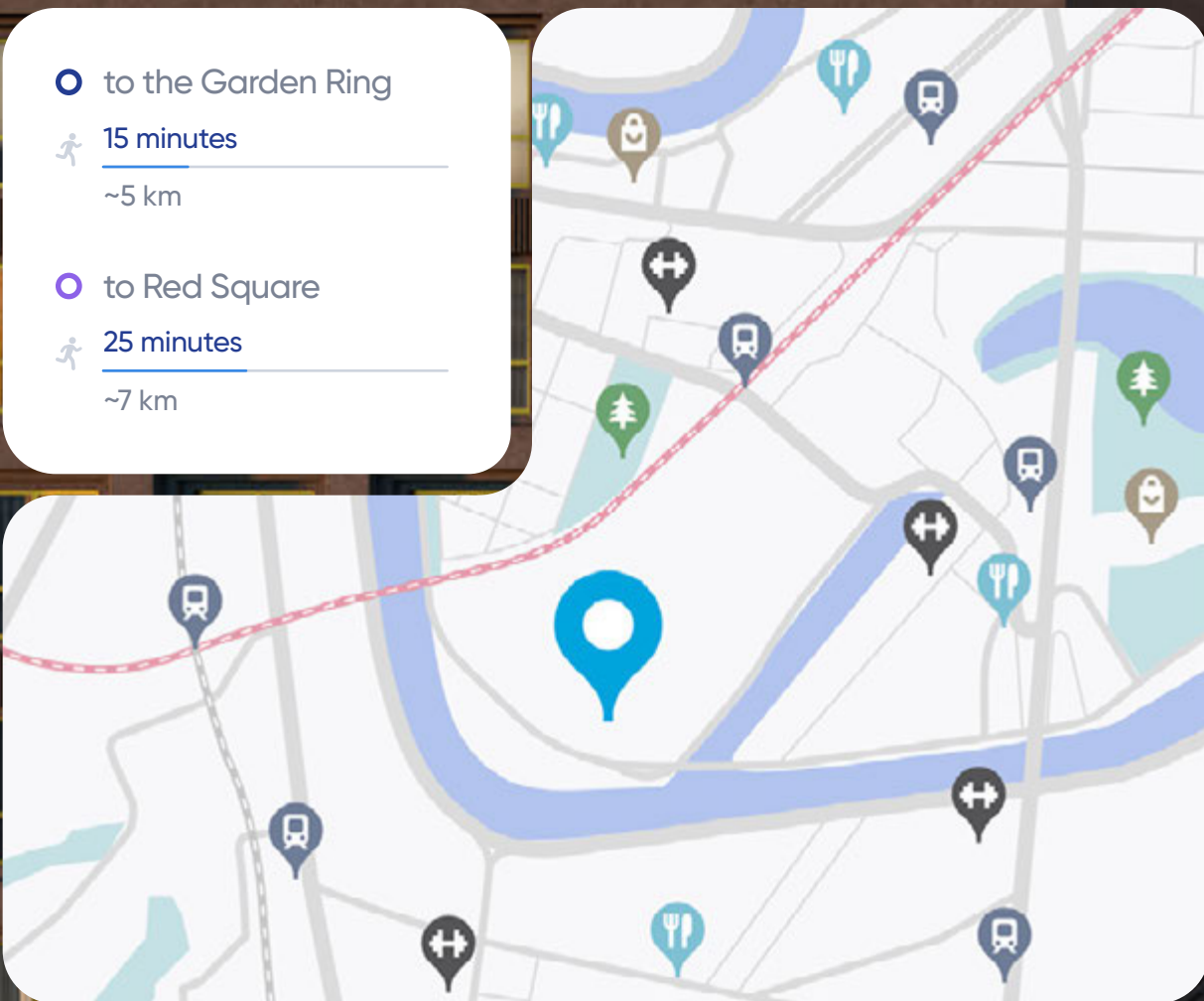
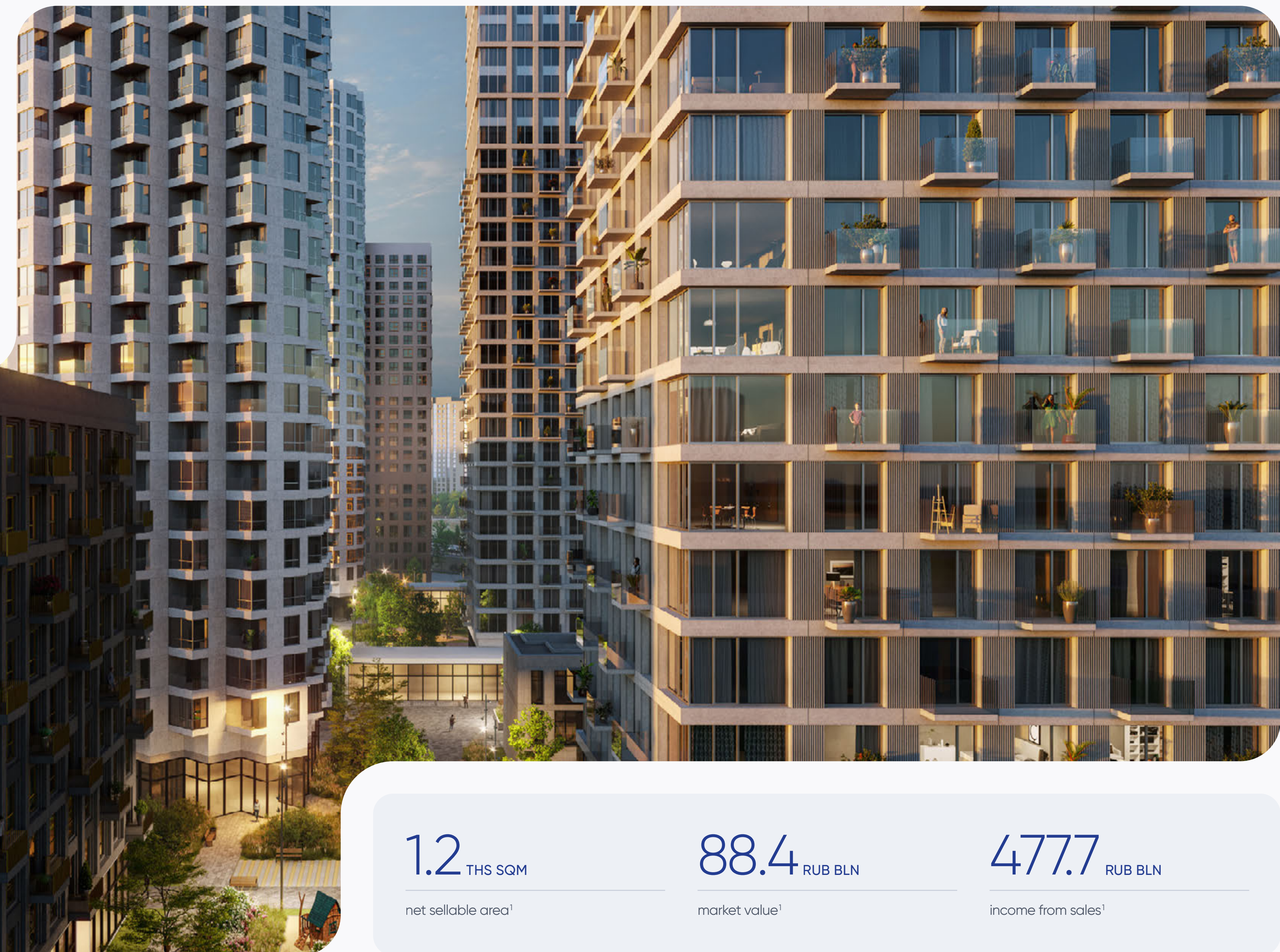
MOSCOW



Zil-Yug

AVTOZAVODSKAYA STREET

This large-scale integrated development project on the grounds of the former ZIL plant automobile plant in Moscow involves the transformation of an industrial zone into a multifunctional space based on the concept of a “15-minute city”. The project involves the construction of a new residential, social and business development where all the necessary infrastructure and amenities can be reached within a 15-minute walk from any point in the development.



Construction timeline

2021

2030

1.2 THS SQM

net sellable area¹

88.4 RUB BLN

market value¹

477.7 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Zil-Yug

About the project

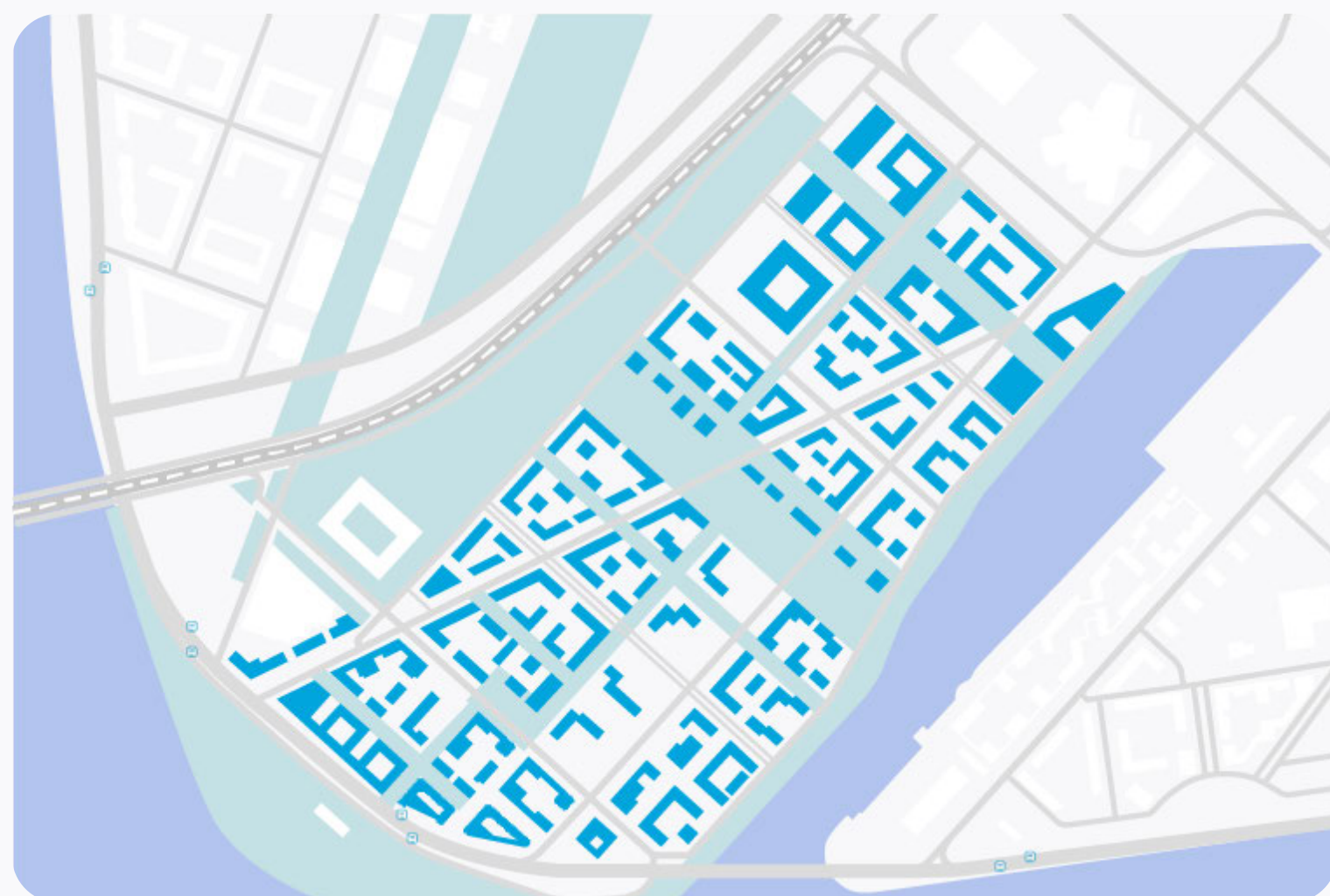
Experts in urban planning, sociology and other related fields were involved in creating the development plan for the district, which also takes into account the opinions of residents. The project was discussed at the urban planning educational laboratory and on the Generation ZIL media platform: <https://generation-zil.com>.

In planning the district, special attention has been paid to the harmonious development of the site in line with the surrounding areas, the development of transport infrastructure and the creation of a diverse urban environment that will meet the needs of residents with various lifestyles.

The project combines all types of urban development, from low-rise buildings to high-rise towers.

In the western part of the project, alongside the Chagall Embankment, the development fits seamlessly into the surrounding natural environment. This part of the complex features low- and medium-rise housing surrounded by water and landscaped public parks.

As one gets closer to the metro, the complex takes on a more urban look. The grounds alongside the metro station and the business cluster form a modern urban space filled with commercial, recreational and business infrastructure.



Location

The complex is located on the banks of the Moscow River and the Novinki Backwater, next to the fully modernised and developed Marc Chagall Embankment. Since the project is located in a green area surrounded by the Tyufeleva Roshcha and Kozhukhovo parks, residents will be able to enjoy spending time in nature.

A park on the grounds of the Moscow River embankment, which is more than 6 km long, includes numerous walking trails, jogging and cycling paths, as well as a riverside amphitheatre.

Future plans include the addition of swimming pools, a garden on the water and a variety of architectural installations. With its proximity to the Third Ring Road and Prospekt Andropova, the complex enjoys excellent transport accessibility, and it is also within walking distance from the ZIL Technopark and Avtozavodskaya metro stations.

Nagatino i-Land

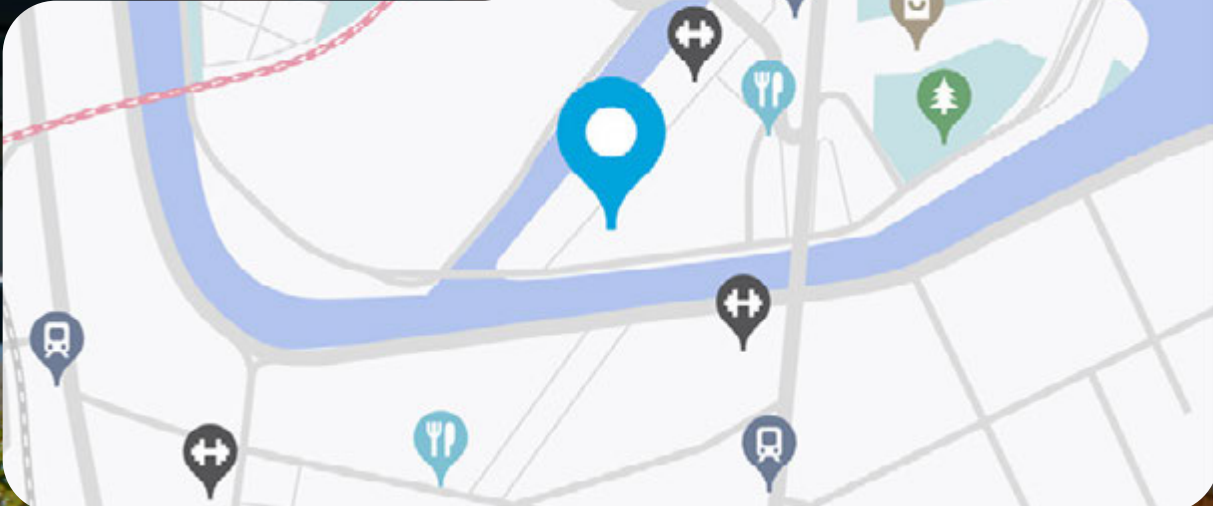
PROSPEKT ANDROPOVA

Nagatino i-Land is a genuine residential island in the middle of Moscow. It is located in the Danilovskiy district of the Southern Administrative Division, next to the Nagatino i-Land business cluster and Port Plaza. The Moscow River flows past the project site on two sides.

Nagatino i-Land will be home to residential buildings, offices, shops, preschools, schools and other amenities.



- to the Garden Ring
 15 minutes
 ~7 km
- to Red Square
 20 minutes
 ~10 km



Construction timeline

2019 2026

259 THS SQM

net sellable area¹

28.0 RUB BLN

market value¹

62.7 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Nagatino i-Land

Project concept

Nagatino i-Land is a residential complex that combines the comfort of a modern city with proximity to nature. It consists of buildings of varying heights, from 5 to 35 floors, which enables residents to enjoy sunshine and fresh air all year round.

The apartments overlook the embankments of the Moscow River, quiet green courtyards that are free of cars as well as the project's own landscape park. The complex includes inviting quarters and inner courtyards that are accessible only to residents; these grounds will feature areas for recreation, artificial ponds, public spaces and sports grounds.

The project aims to create a green residential area in the middle of the city. A softscaping programme covering over 25% of the grounds will introduce an integrated landscape park, pedestrian boulevards, public gardens and a green embankment.

The project offers exclusive housing designs that include private terraces, spacious apartments with ceilings of up to 3.3 m and apartments with panoramic views of the Moscow River Embankment.



Comfort and safety

Nagatino i-Land meets all the requirements for a modern development, and leading engineering solutions ensure the comfort and safety of residents:

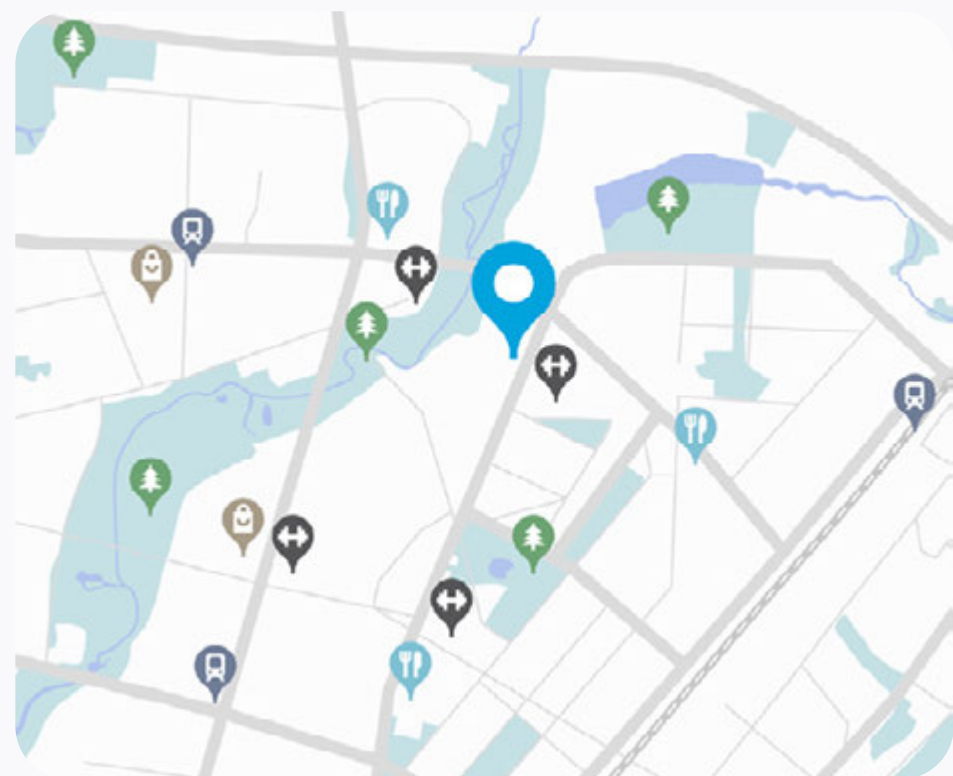
- cast-in-place buildings with enhanced soundproofing
- individual heating control systems
- a state-of-the-art fire safety system
- quiet high-speed elevators
- a supply and exhaust ventilation system

Location

Residents of Nagatino i-Land can enjoy excellent transport access thanks to the project's proximity to the Tekhnopark metro station and the ZIL Moscow Central Circle station, as well as convenient access roads onto two main thoroughfares: Prospekt Andropova and the Third Ring Road. The complex is only four metro stops from the centre of Moscow – the Kremlin and the Bolshoi Theatre.

Normandy

TAININSKAYA STREET 9



The comfort-class Normandy residential complex is located in a picturesque green area of Moscow, near Losiny Ostrov National Park. The complex has been delivered and consists of five buildings of 7 to 24 floors each with unadorned facades and bright architectural accents.

About the project

For the convenience of residents, the complex provides the following features:

- guest waiting areas and a concierge area
- equipped playgrounds and sports facilities
- a security and video surveillance system
- shops, bakeries and beauty salons on the ground floors
- a convenient storage space for prams
- spacious lobbies finished with eco-friendly materials
- underground parking
- landscaped grounds with walkways, elegant benches and areas for recreation

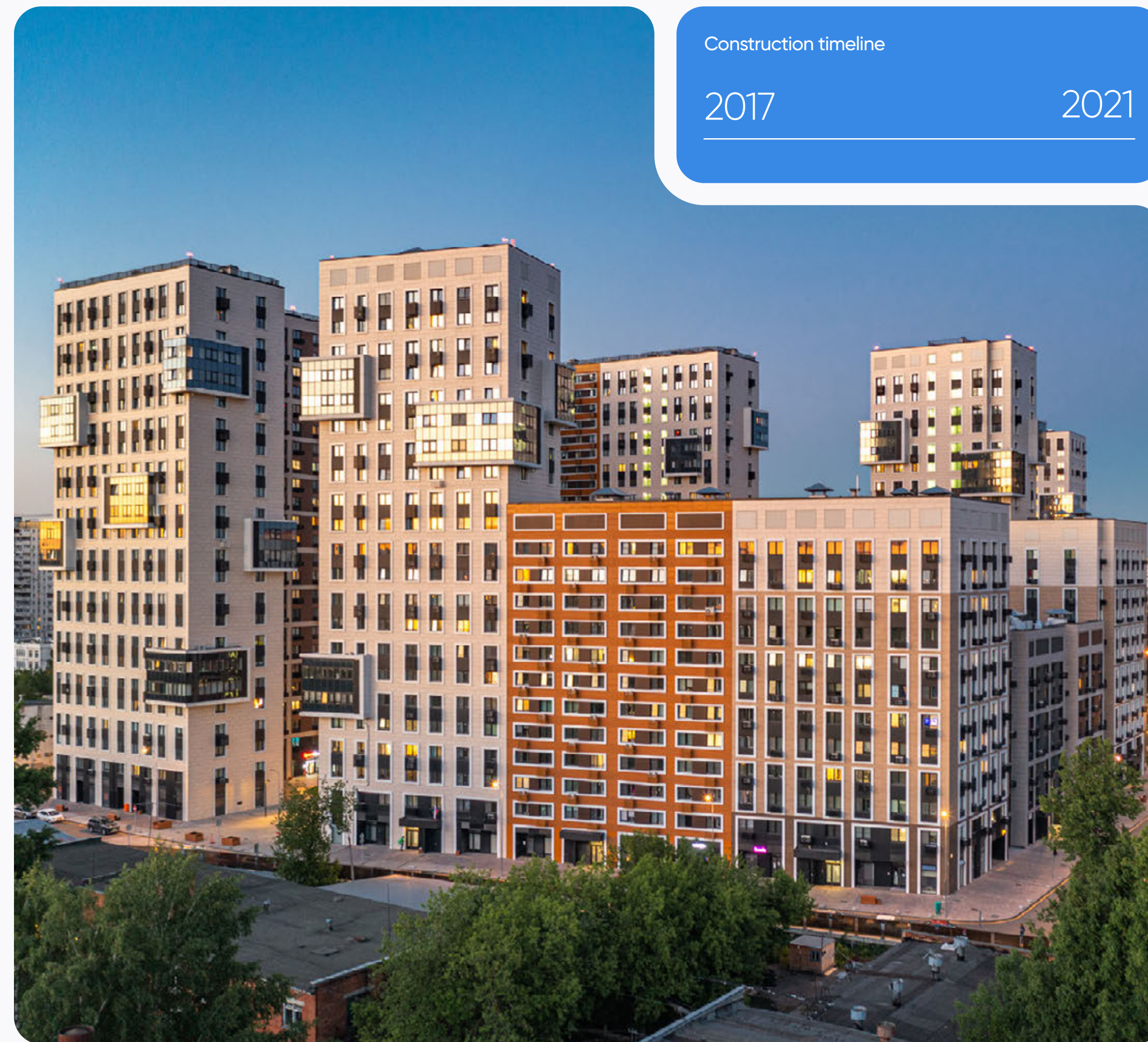
Location

The residential complex is located in the Losinoostrovskiy district in the North-Eastern Administrative Division of Moscow, an area with extensive amenities. Within walking distance are healthcare centres and educational institutions, sports stadiums and fitness clubs, as well as shopping and entertainment facilities. In addition, the district is home to several institutions of higher education, including the Moscow Suvorov Military School, the Academy of Economic Security of the Ministry of Internal Affairs of the Russian Federation, the Moscow Institute of the Border Guard Service of the Federal Security Service.

Thanks to its parks and forests, including the famous Losiny Ostrov National Park, the district is one of the most pristine parts of the capital.

Several public gardens and parks can be found within walking distance from the complex, including Babushkinskiy Park; Torfyanka Park, which has a recreation area on the shores of a pond; Dzhamgarovskiy Park; as well as the beautifully developed Yauza River valley, with numerous playgrounds for children.

The complex also offers excellent transport access, with two metro stations (Babushkinskaya and Medvedkovo), two suburban train stations and surface transport stops within walking distance. The Moscow Ring Road is less than a five-minute drive away, making it easy for residents to travel anywhere in the region.



Construction timeline

2017

2021

34 THS SQM

net sellable area¹

25 RUB MLN

market value¹

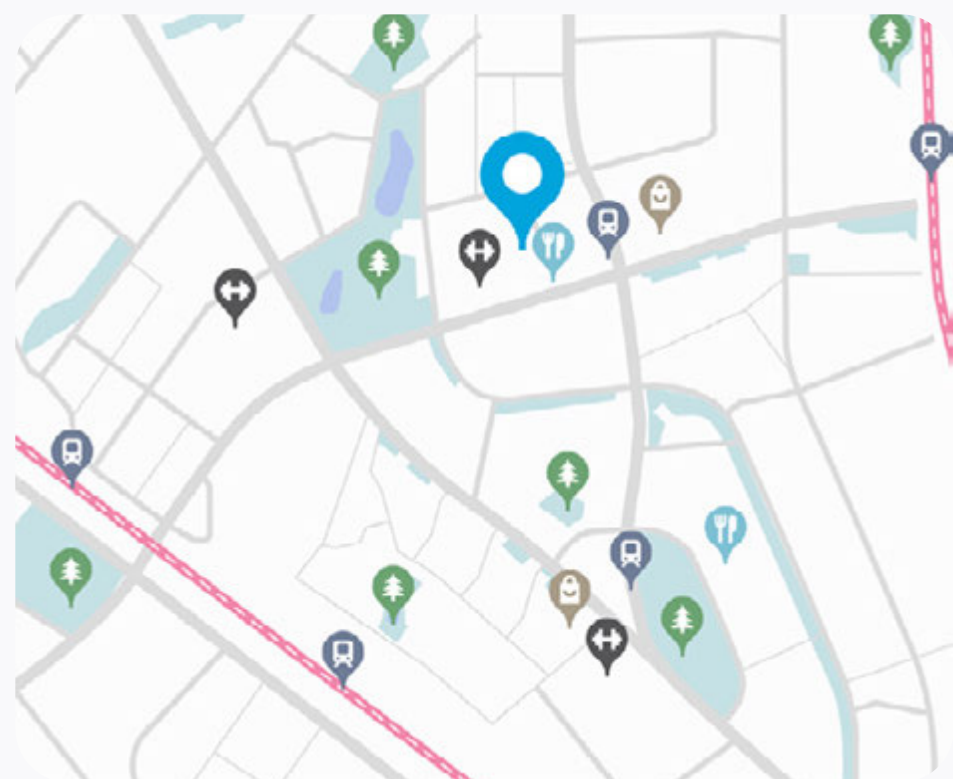
29 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Summer Garden

DMITROVSKOYE SHOSSE 107



The Summer Garden residential complex, located in the Northern Administrative District of Moscow, is near two metro stations – Seligerskaya and Yakhromskaya – and consists of 11 buildings. The enclosed structure of the neighbourhood keeps the wind and urban noise at bay, creating a calm, cosy atmosphere.

About the project

Infrastructure and amenities on the grounds of the complex include a garden, parking facilities and a three-storey shopping centre. The 38-hectare Angarskiye Prudy Park and an equestrian centre are a 10-minute walk from the complex.

With its own convenient access road from Dmitrovskoye Shosse, the project offers excellent transport accessibility, enabling residents to reach anywhere in the city quickly and easily.



11 residential buildings

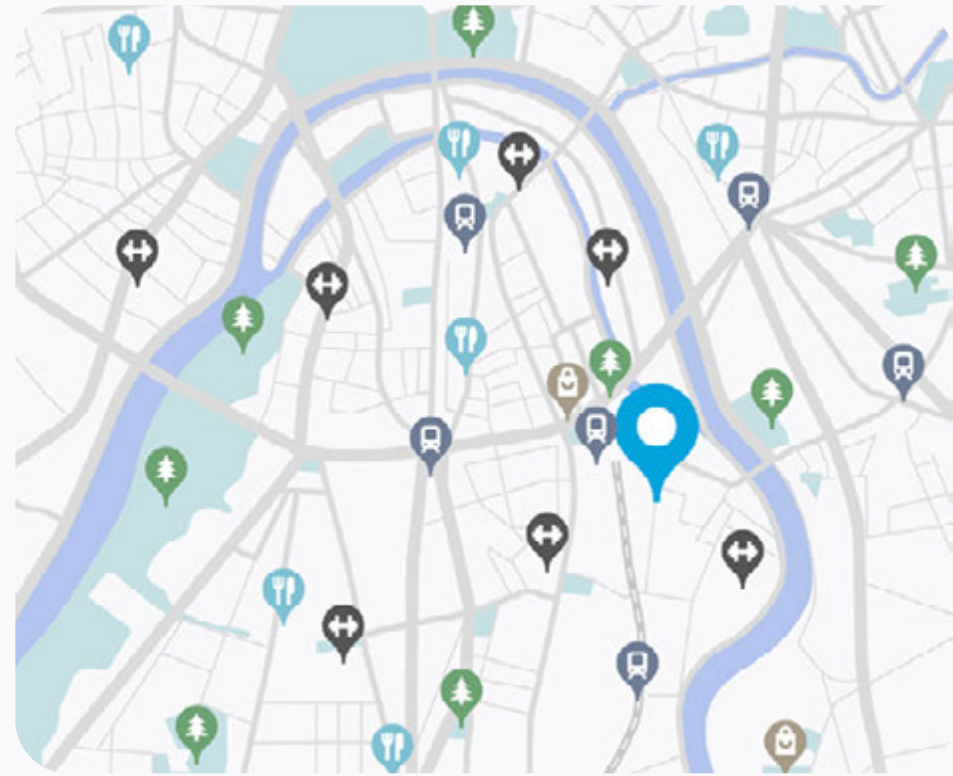
Construction timeline
2016 ————— 2021

<p>121 THS SQM</p> <p>net sellable area¹</p>	<p>811 RUB MLN</p> <p>market value¹</p>	<p>3.5 RUB BLN</p> <p>income from sales¹</p>
---	--	---

¹ According to Nikoliers' valuation as of 31 December 2023.

Voxhall

LETNIKOVSKAYA STREET 4



The Voxhall multifunctional business-class complex is located in the prestigious Zamoskvorechye district in the very heart of Moscow. It includes a seven-section residential complex and two aparthotel towers. The residential building is designed as a single urban block with its own commercial amenities to complement the extensive infrastructure already available in the district.

About the project

The multifunctional business-class complex is located in the very centre of the capital, in close proximity to the Paveletskaya metro station. The project features unique architecture, an excellent location, functional layouts, panoramic windows, master bedrooms, high ceilings, designer lobbies, a living environment that has been beautified by well-known landscape architects, as well as high-quality construction and finishing materials. The grounds of the complex feature a modern landscape design in harmony with the rest of the district. The dynamically zoned interior space was created to achieve harmony with nature. The project will offer excellent views thanks to its convenient location 5 km from the Kremlin and near the Moscow River Embankment.

Location

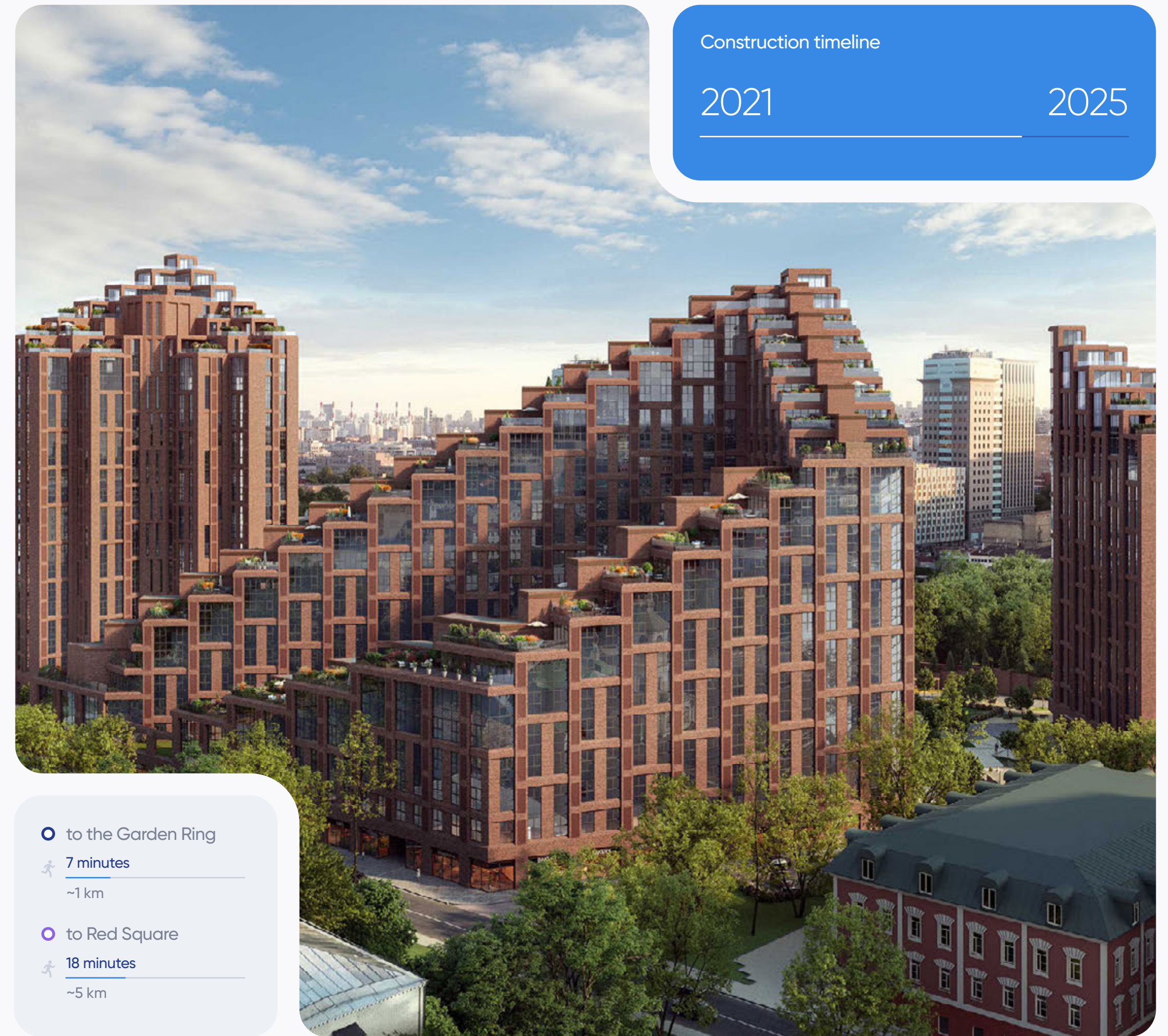
The residential complex is located in a prestigious area of Moscow, within walking distance from the Paveletskaya metro station. It offers convenient access by both personal and public transport. Only 350 m away, to the north of Letnikovskaya Street, is Paveletskiy station, where Aeroexpress trains depart for Domodedovo Airport. The property's excellent transport accessibility is coupled with the district's wide range of developed infrastructure and amenities as well as its proximity to an embankment and parkland. Residents will have access to all the benefits of living in the centre of Moscow, with its modern residential, business and entertainment infrastructure alongside cultural attractions and the city's main business centres.

Voxhall is next to business districts where a number of financial institutions and major companies are headquartered. Just four minutes from the residential complex, a new landscape park has been laid out on Paveletskaya Square, with an underground shopping centre, fountains, landscaped green space and an open-air amphitheatre. Gorkiy Park, one of the largest and most popular recreational areas in the capital, can be reached in 20 minutes by scooter.

Construction timeline

2021

2025



to the Garden Ring

7 minutes

~1 km

to Red Square

18 minutes

~5 km

65 THS SQM

net sellable area¹

8.1 RUB BLN

market value¹

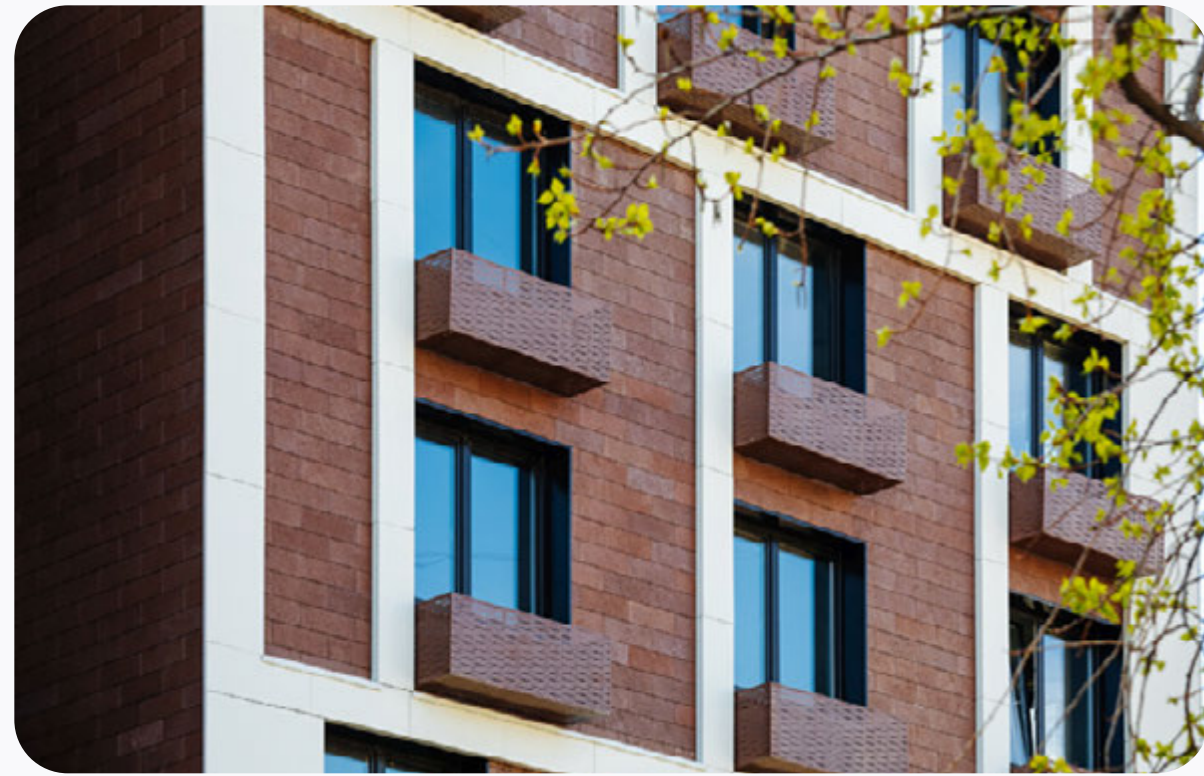
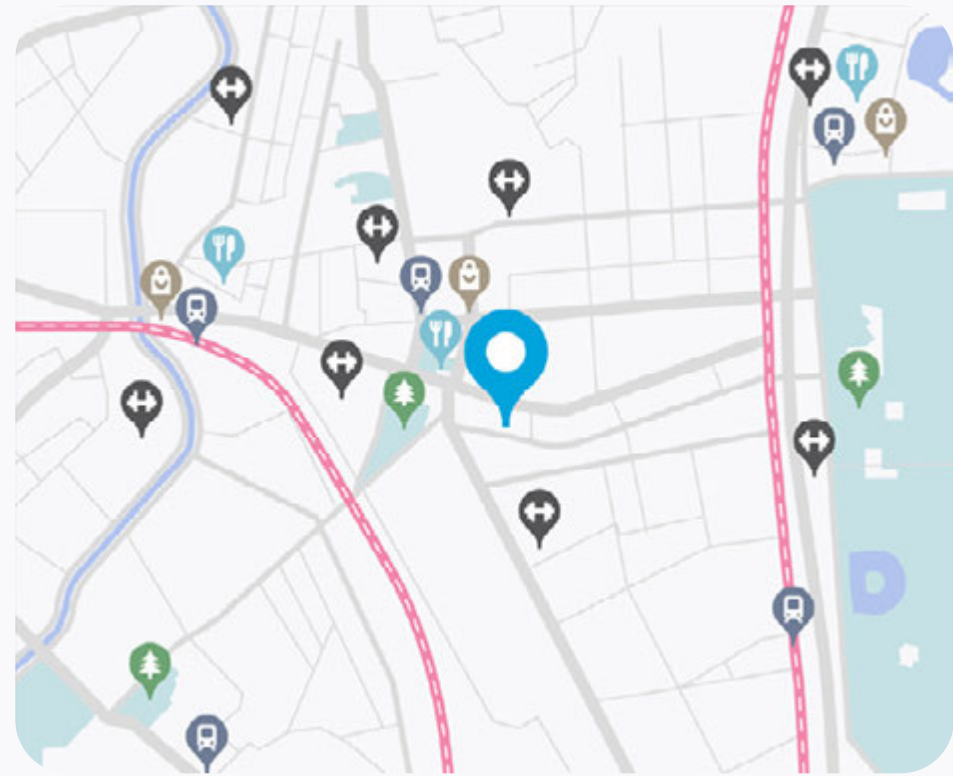
35.2 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Schastye na Semyonovskoy

IZMAILOVSKOYE SHOSSE 20

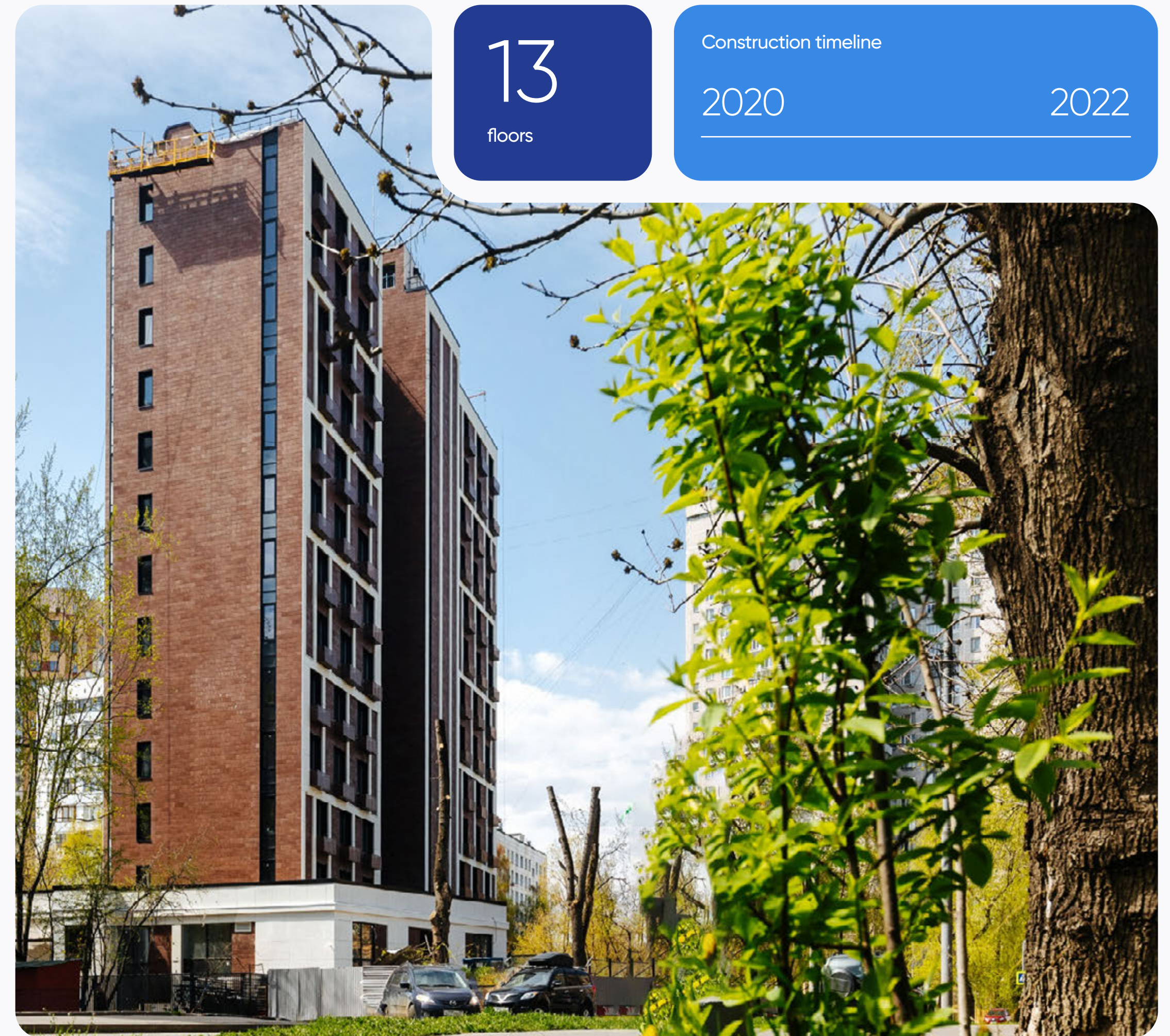


The Schastye na Semyonovskoy residential complex is located in a developed green district of Moscow, alongside two of the largest parks in the capital: Sokolniki Park and Izmailovskiy Park. The complex consists of a 13-storey residential building with underground parking and an above-ground parking lot for guests.

About the project

The complex features a variety of layouts, including highly glazed apartments as well as apartments with enclosed balconies or French balconies. The ground floor of the complex houses commercial premises as well as a spacious lobby, a pram storage room and other shared spaces.

Within walking distance of the complex are schools, preschools, healthcare centres, shops, shopping and entertainment centres and sports facilities, including the Krylya Sovetov Stadium. The property's proximity to the Semyonovskaya and Elektrozavodskaya metro stations and Izmailovskoye Shosse, as well as convenient exits onto the North-East Expressway and the Third Ring Road, ensures excellent transport accessibility for residents.



13 floors

Construction timeline
2020 ————— 2022

<p>6 THS SQM</p> <p>net sellable area¹</p>	<p>0.5 RUB BLN</p> <p>market value¹</p>	<p>1.6 RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

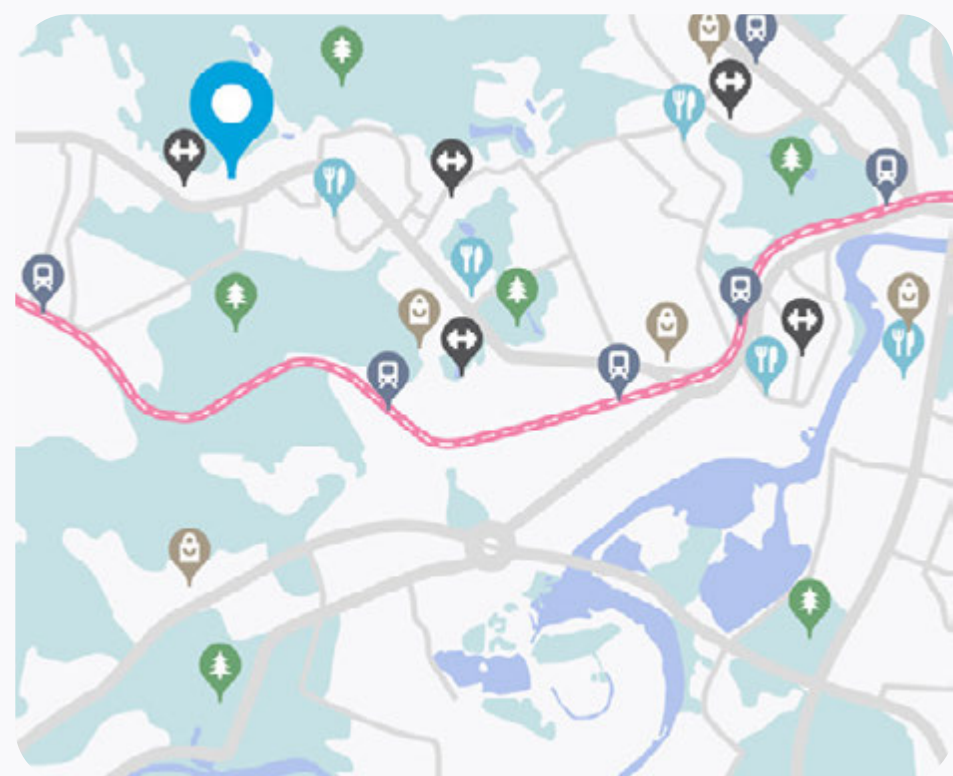
Portfolio overview

MOSCOW region



Emerald Hills

📍 KRASNOGORSK, BULVAR KOSMONAVTOV – MERLUSHKIN STREET



The Emerald Hills residential complex is located in Krasnogorsk, a pristine suburb of Moscow. Surrounded by forest parkland, it is just 8 km from the Moscow Ring Road.

About the project

A large portion of the grounds of the complex is reserved for softscaping and the installation of recreational areas, sports facilities and playgrounds for children. The project is also home to an open-air space museum called Cosmonaut Alley, which features full-scale models of spacecraft. A landscaped park with recreational areas and dedicated paths for pedestrians and cyclists has been laid out in the forest adjoining the complex.

The Emerald Hills residential complex is a fully developed microdistrict with extensive amenities, including three operational schools, preschools, shops, shopping centres, healthcare facilities and other essentials.

The complex consists of 20 residential buildings. Buildings 18, 19 and 20, called the “New Emeralds”, will be the final phase in the construction of the microdistrict.

20
residential
buildings

Construction timeline
2009 ————— 2023

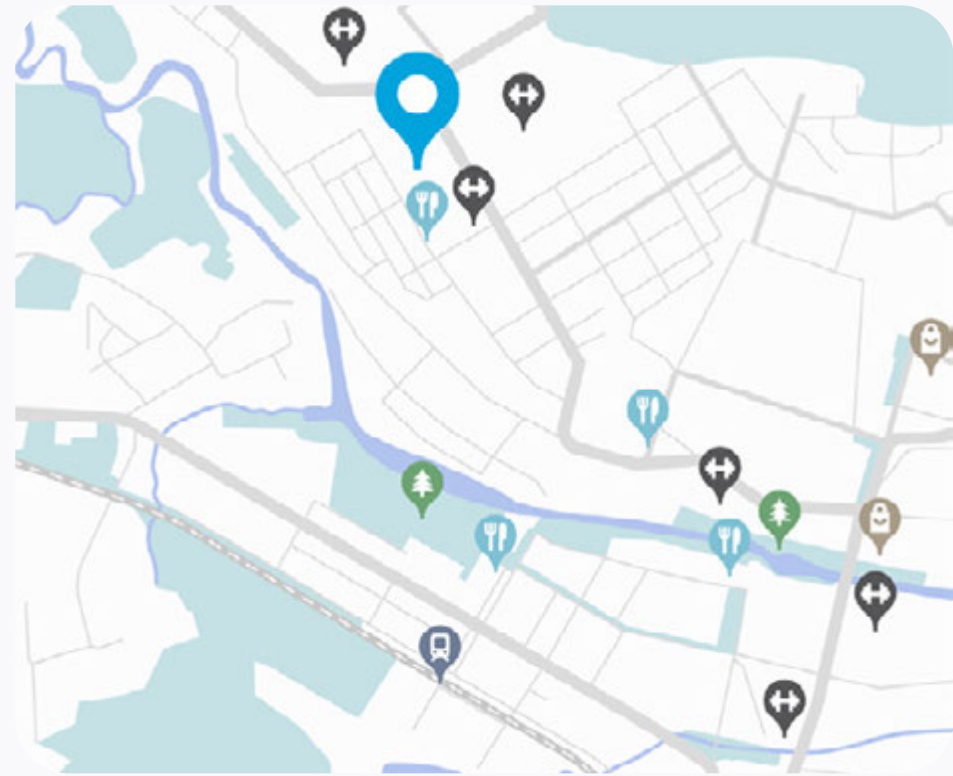


<p>430 THS SQM net sellable area¹</p>	<p>0 RUB MLN market value¹</p>	<p>609 RUB MLN income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Finskiy

SHCHELKOVO, FRUNZE STREET



The Finskiy residential complex is located in Shchelkovo, in a pristine district with extensive amenities. The architecture of the complex and the apartment layouts have been thought through down to the smallest detail in order to ensure a comfortable atmosphere for residents.



About the project

Next to the complex are a preschool and a school, as well as 24-hour pharmacies, polyclinics, supermarkets, a post office and a bank branch. The picturesque Klyazma River passes nearby.

The residential complex offers a variety of options for family recreation: from a visit to an amusement park or ropes course to walks around pleasant public gardens.

The complex is located far from sources of industrial pollution and major highways, and the air is very clean thanks to the wealth of forestland nearby. In addition, the materials used in the construction of the complex are environmentally friendly.

Construction timeline

2017

2023



37 THS SQM

net sellable area¹

104 RUB MLN

market value¹

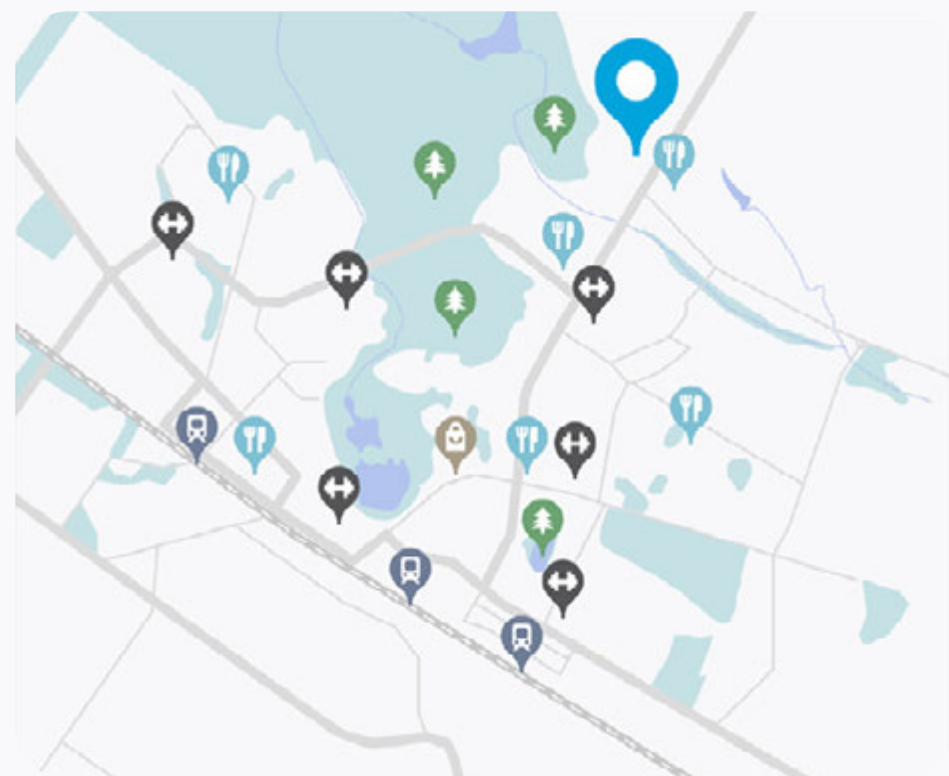
277 RUB MLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Desyatka

RAMENSKOYE, MOLODEZHNYAYA STREET



Designed for people who value peace and comfort, the Desyatka residential complex is located in a quiet and pristine part of the Ramenskiy district.



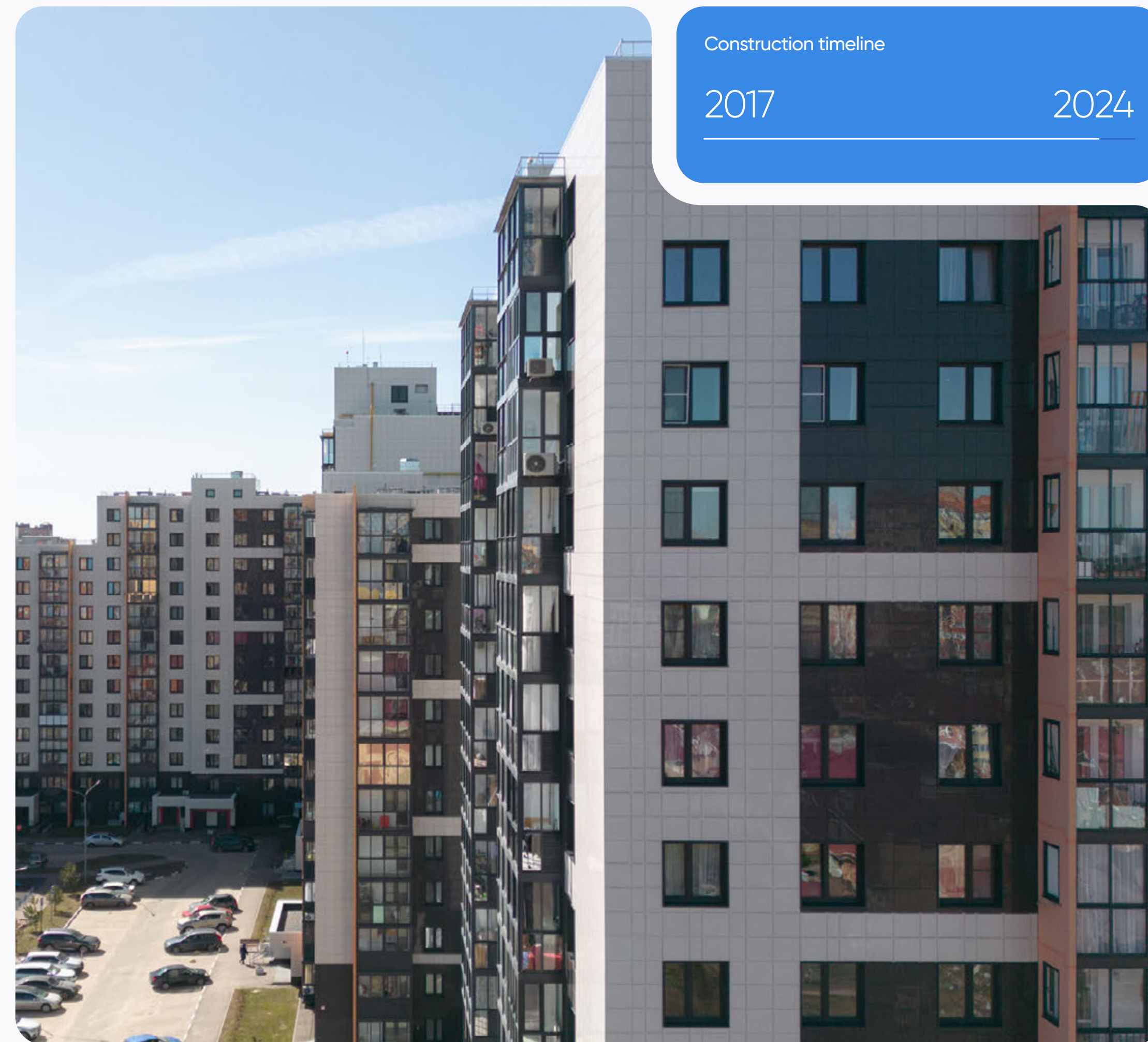
About the project

The complex provides living arrangements for every taste: from cosy apartment buildings to spacious townhouses with land plots. All the necessary conditions are in place to enable residents to enjoy outdoor activities.

The homes are being built at the edge of a forest, alongside Lake Plotina. The Ramenskiy State Park of Culture and Recreation is a 30-minute walk from the complex, and the Dergaevskoye Reservoir is a 15-minute walk away. The centre of Ramenskoye can be reached in just 10 minutes by public transport; the centre of Moscow, in about an hour by car or Sputnik-Express train.

The architectural design of the complex features a modern minimalistic aesthetic. In terms of the apartments, a range of functional planning solutions are available, from compact studio apartments to so-called transformer apartments.

All essential amenities can be found on the grounds of the microdistrict: a preschool, a school, sports facilities for people of various ages, shopping centres, shops and a building supplies market.



Construction timeline

2017 2024

<h2>35</h2> <p>THS SQM</p> <p>net sellable area¹</p>	<h2>2.0</h2> <p>RUB BLN</p> <p>market value¹</p>	<h2>4.2</h2> <p>RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Portfolio overview

St Petersburg



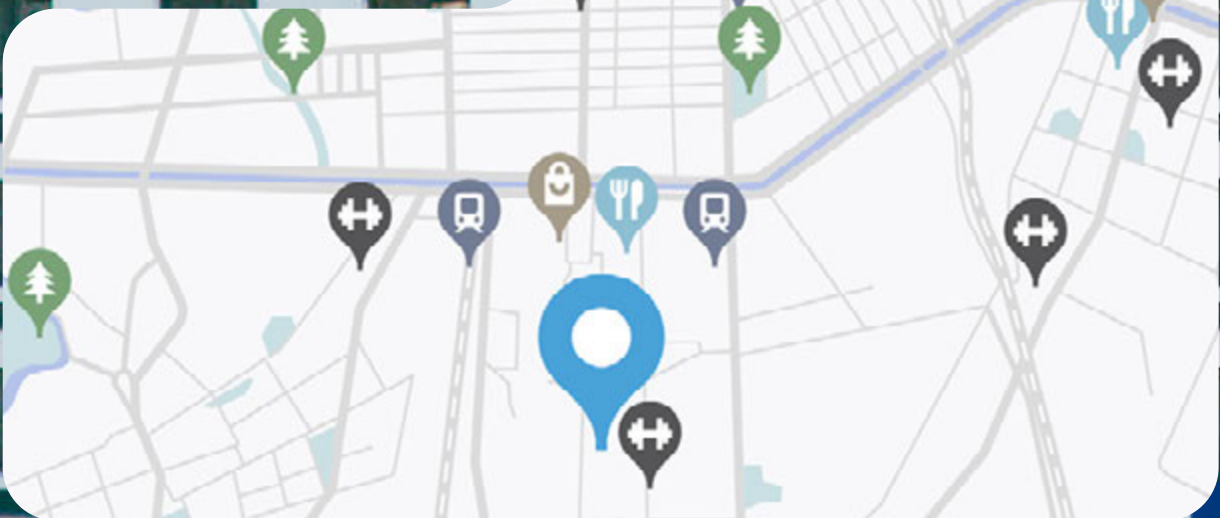
Galactica

MITROFANYEVSKOYE SHOSSE – NABEREZHAYA OBVDNOGO KANAL – VARSHAVSKIY PROEZD

Galactica is the largest redevelopment project in the centre of St Petersburg. The residential complex of 30 multi-storey cast-in-place brick buildings is being built on the site of the former Warsaw railway station. Arranged so as to form an avenue, the buildings are separated by enclosed courtyards. The complex will also have 3 schools, 10 preschools and public space with sports grounds and areas for recreation.



- to the airport
25 minutes
~16 km
- to Nevskiy Prospekt
10 minutes
~5 km



Construction timeline

2016

2023

665 THS SQM

net sellable area¹

16.7 RUB BLN

market value¹

21.3 RUB BLN

income from sales¹

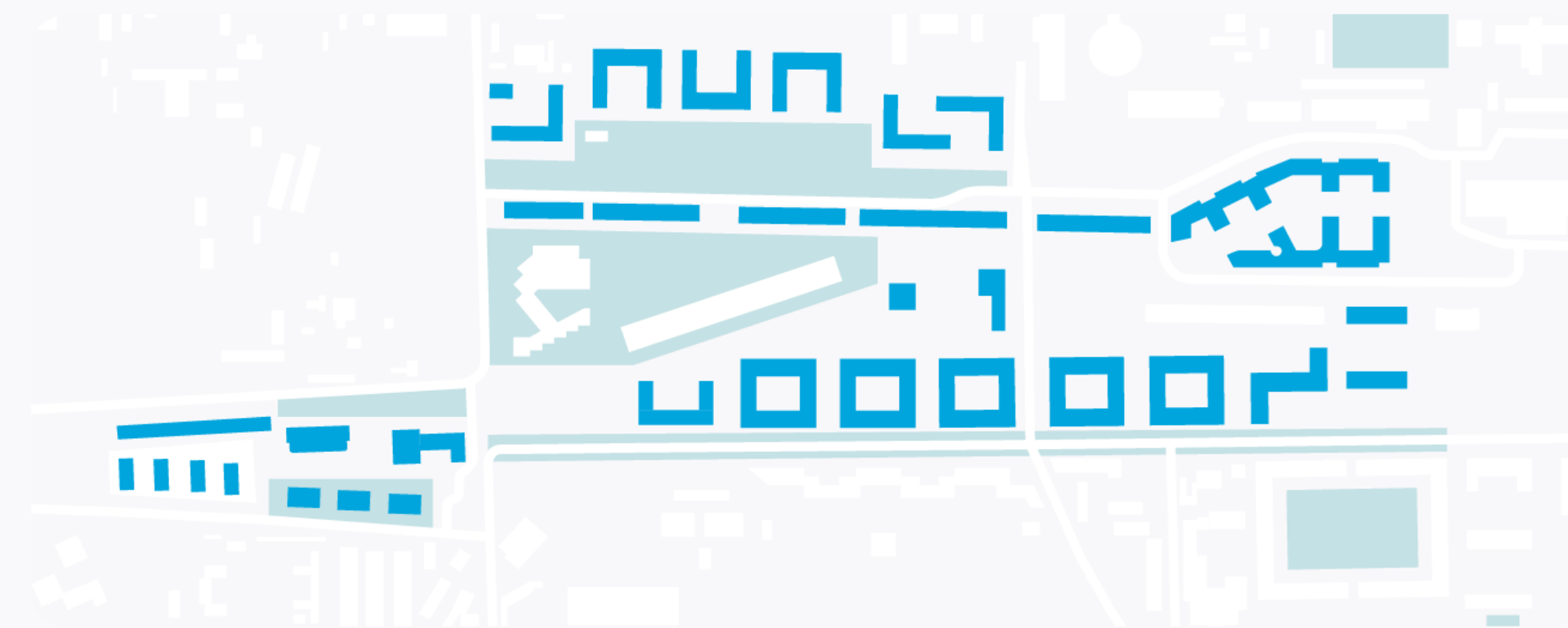
¹ According to Nikoliers' valuation as of 31 December 2023.

Galactica

About the project

Apartments are available featuring classic and non-standard layouts. Every apartment has a balcony, an enclosed balcony or an outdoor terrace. There are also options with oversized windows, master bedrooms and spacious kitchens.

The northern and southern parts of the complex are home to the Galactica Premium and Galactica Pro business-light properties, which stand out thanks to their non-standard apartment layouts and unique building features.



Location

The residential complex is located in the centre of St Petersburg, straddling the Admiralteiskiy and Moskovskiy districts, next to Naberezhnaya Obvodnogo Kanala and Moskovskiy Prospekt.

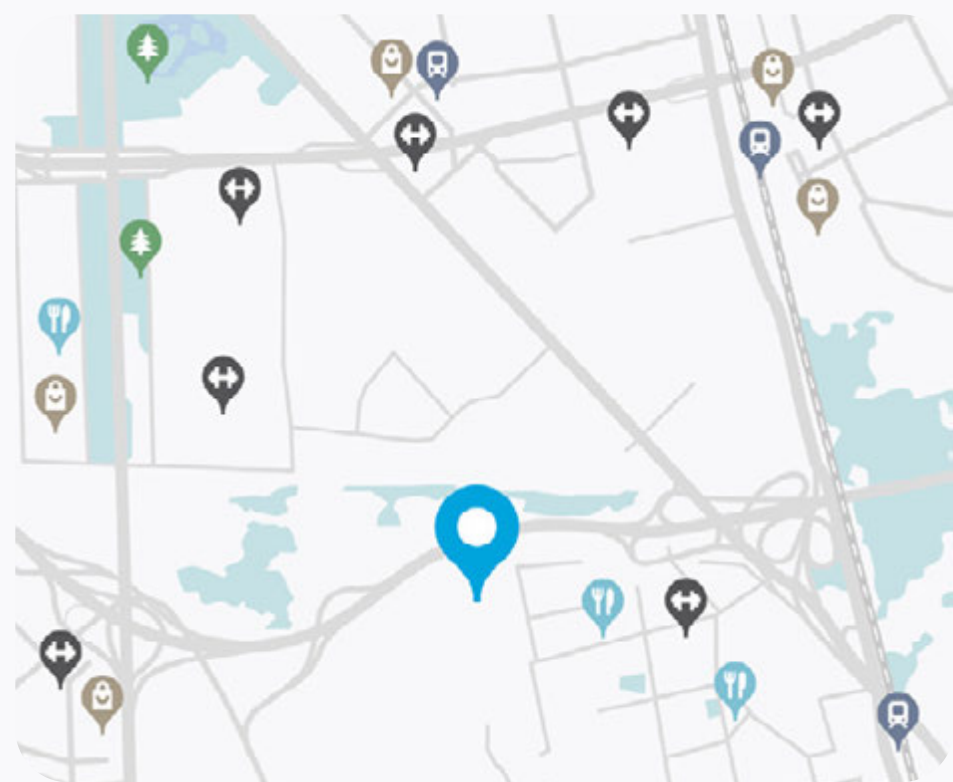
All essential amenities are within walking distance: the Varshavskiy Ekspres shopping and entertainment complex, grocery stores and department stores, restaurants and cafes, museums and public gardens.

The area has a well-developed network of surface public transport, and there are three metro stations within walking distance: Frunzenskaya, Baltiyskaya and Moskovskie Vorota.

The area is conveniently located near important transport routes: Moskovskiy Prospekt, Naberezhnaya Obvodnogo Kanala and Mitrofanievskoye Shosse, as well as an access road onto the Western High-Speed Diameter. The airport is 25 minutes away by car.

Monograph

SHKOLNAYA STREET



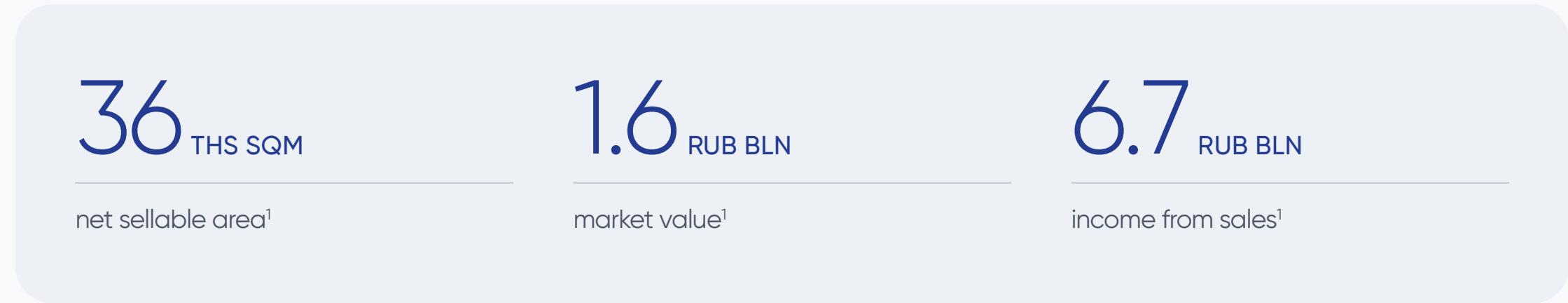
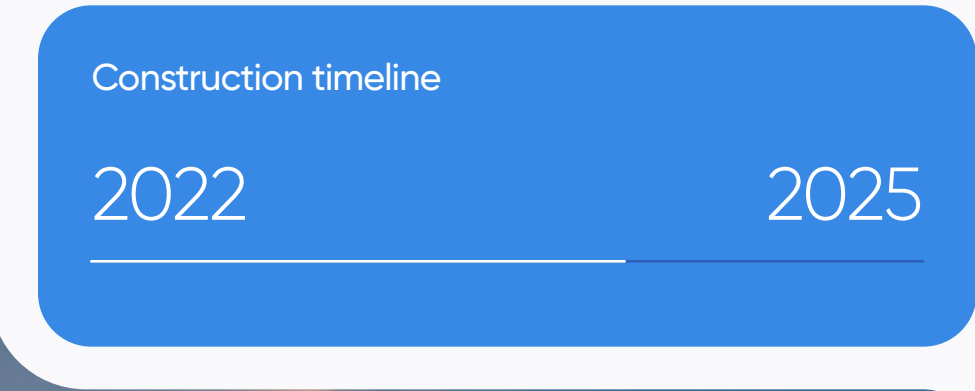
Located in the Pushkinskiy district of St Petersburg, in the village of Shushary, the Monograph residential complex is 15 minutes from the Kupchino metro station and within walking distance from important amenities, including a school, a preschool and a polyclinic.



About the project

Developed with the comfort and safety of residents in mind, the project offers well-designed and ergonomic layouts as well as state-of-the-art technological solutions. The complex includes modern and safe recreation areas for children and adults, a parking area for bicycles, pram storage rooms, a round-the-clock dispatcher service, commercial space and video surveillance systems.

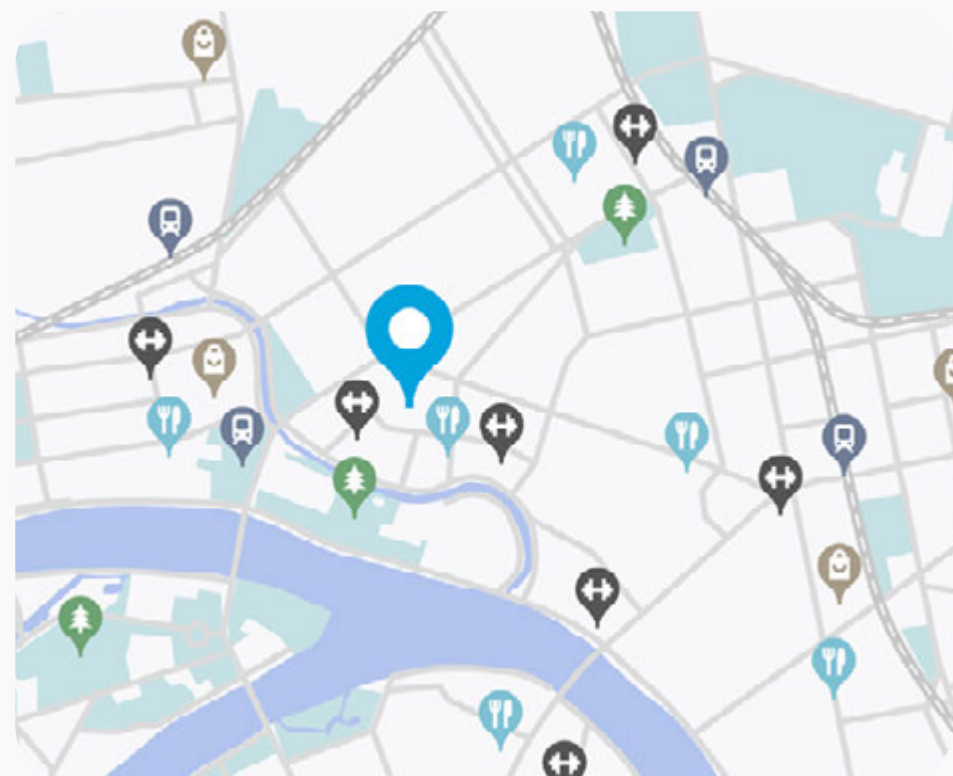
Social amenities can be found in the immediate vicinity of the property. A school with places for 1,925 pupils is already being built, and plans are in place to open a preschool with places for 320 children.



¹ According to Nikoliers' valuation as of 31 December 2023.

Domino

BELOOSTROVSKAYA STREET 28



The Domino residential complex is located in the historical part of the Primorskiy district of St Petersburg, within walking distance from the Chernaya Rechka metro station. Parks and picturesque areas for taking walks can be found around the complex.



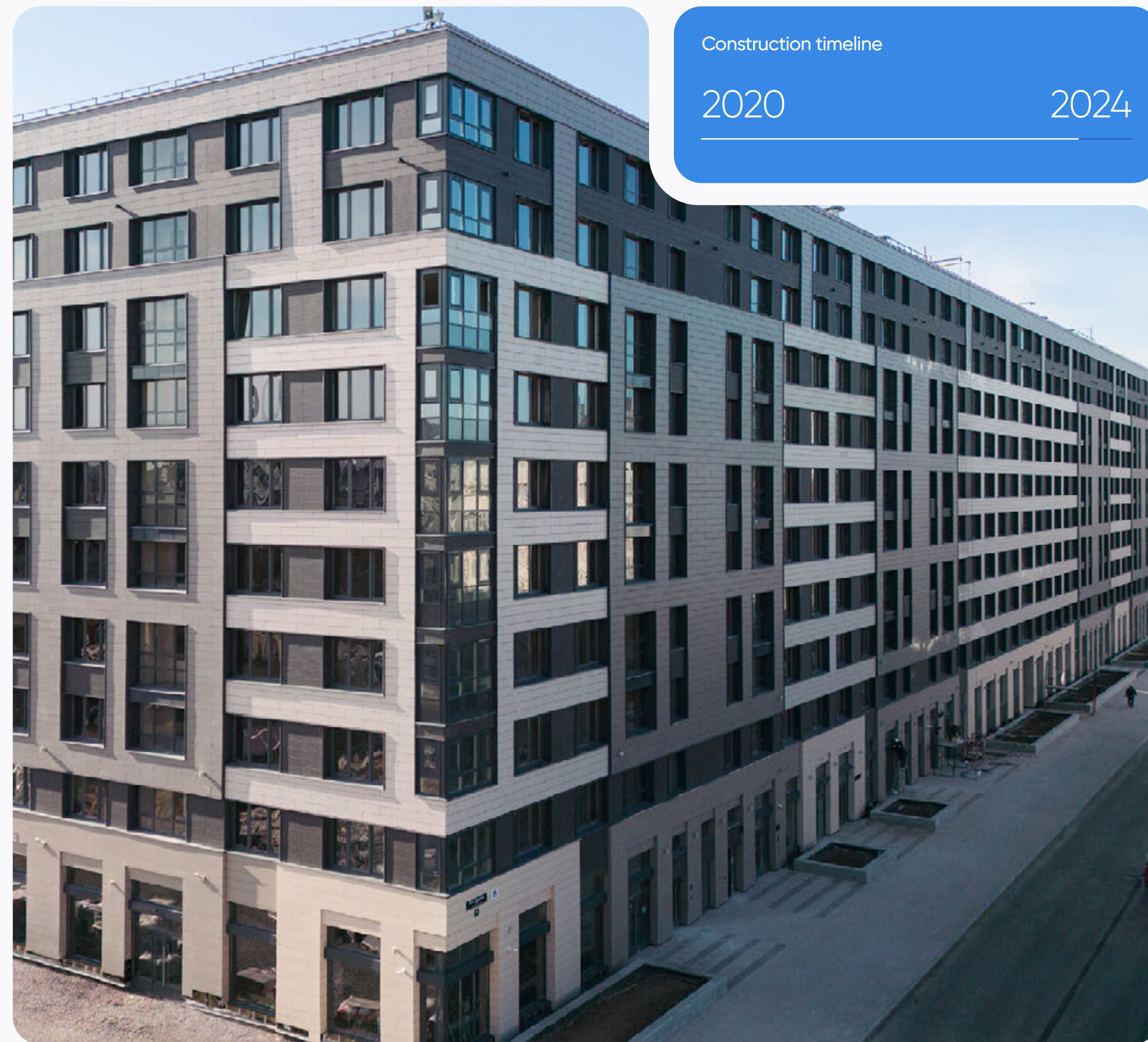
About the project

The project consists of a 10-storey building with both underground and above-ground parking. Although there are no studio apartments, options ranging from one- to five-room apartments are available, including several options with open-plan kitchen-living rooms.

One of the project's key features is that there are four to six apartments on each floor. Every apartment has a glazed sunroom, including some with oversized windows. The apartments are equipped with Airbox micro-ventilation valves in the windows, which ensure a flow of fresh air even when the windows are closed.

The complex includes an enclosed, car-free courtyard, well-equipped recreation areas for adults and children, an amphitheatre, as well as a bicycle path and sports facilities.

The area around the complex is already home to extensive amenities, including theatres, museums, shops, cafes, schools and preschools.



Construction timeline

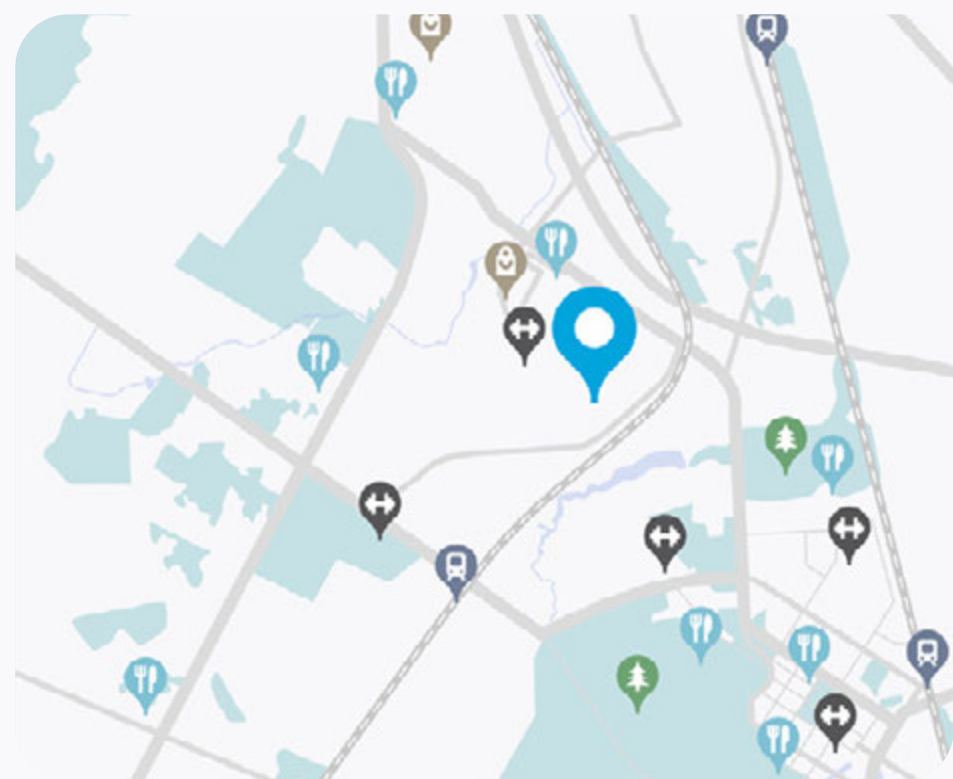
2020 ————— 2024

<h1>40</h1> <p>THS SQM</p> <p>net sellable area¹</p>	<h1>3.1</h1> <p>RUB BLN</p> <p>market value¹</p>	<h1>7.6</h1> <p>RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Pulkovo House

SOKOLINAYA STREET, PUSHKINSKIY DISTRICT



The project consists of three low-rise buildings with apartments featuring both classical layouts and open-plan layouts with a combined kitchen and living room. Apartments on the fourth floor will feature ceilings up to 5.7 m high, while some of the apartments on the ground floors will have terraces. The underground levels will house space for seasonal storage, while the ground floors will have premises for shops, cafes, pharmacies and other amenities. The project includes an enclosed green courtyard with places for parking bicycles but no automobile access, as well as walking paths, recreation areas, a playground for children and a work-out zone.

About the project

Pulkovo House is located in the picturesque and pristine Pushkinskiy district, which is close to St Petersburg's historical suburbs of Pushkin and Pavlovsk. Essential amenities are available within walking distance, including preschools and schools, shops, pharmacies and fitness clubs. The property also offers excellent accessibility with exits onto the city's main thoroughfares (the Ring Road, the Western High-Speed Diameter, Pulkovskoye Shosse). Both the suburbs and the airport can be reached in 15 minutes by car, while the centre of St Petersburg is about a 40-minute drive away.



Construction timeline

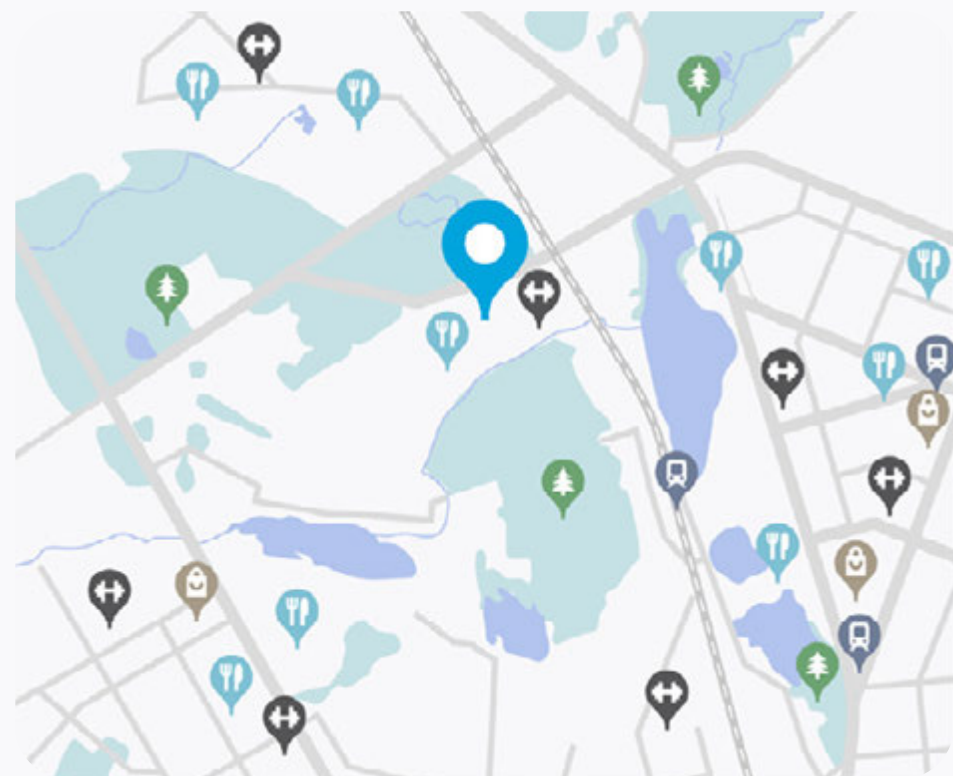
2023 ————— 2025

<h2>12</h2> <p>THS SQM</p> <p>net sellable area¹</p>	<h2>689</h2> <p>RUB MLN</p> <p>market value¹</p>	<h2>2.6</h2> <p>RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Novoorlovskiy

SUZDALSKOYE SHOSSE



Located in the northern part of St Petersburg, the Novoorlovskiy residential complex is a large project consisting of several residential quarters separated by small streets. The quarters are made up of modern buildings with light facades built in a uniform neoclassical architectural style.

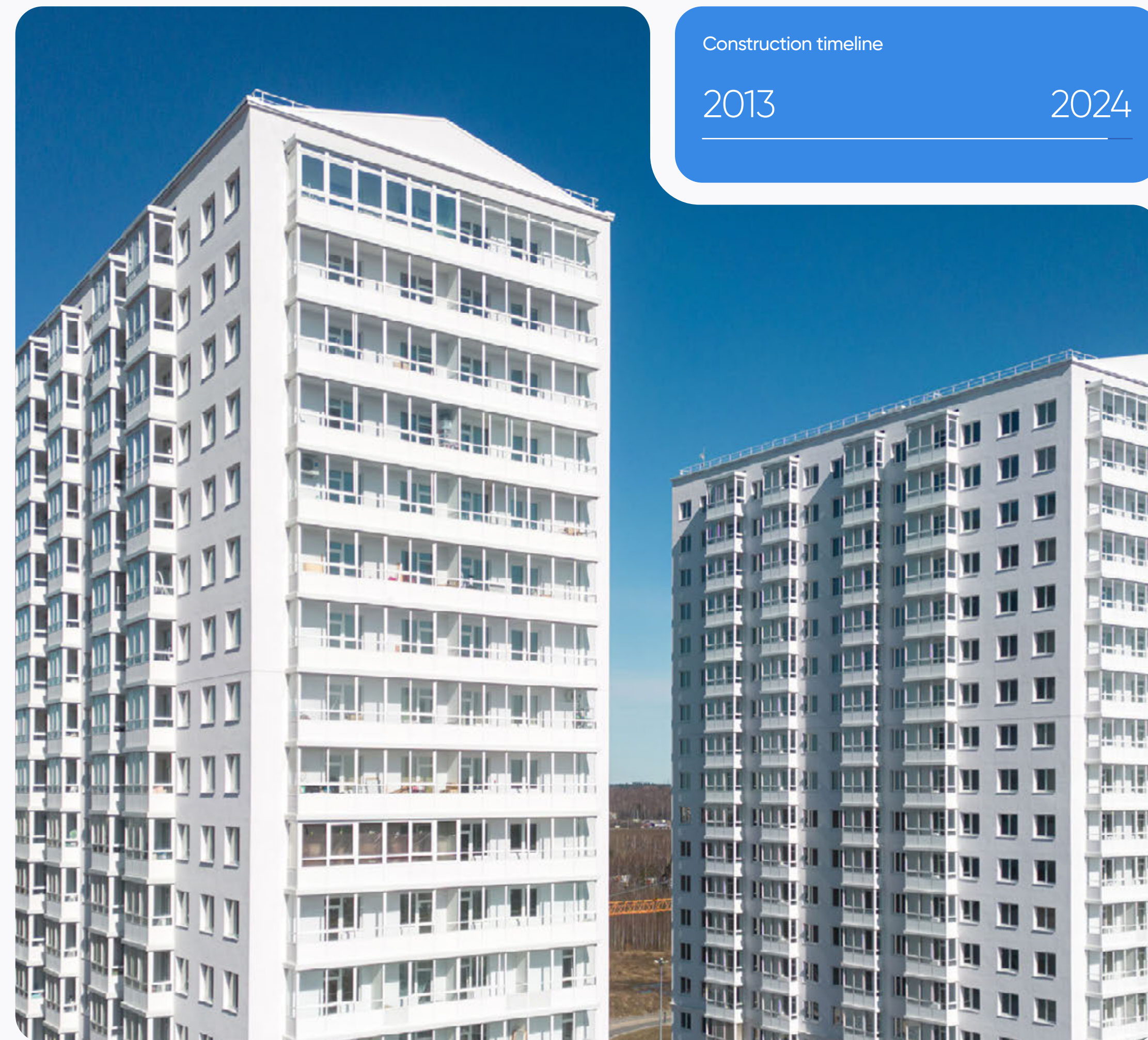


About the project

The complex will include six 25-storey towers and five buildings of 7–9 storeys each. Two preschools and a secondary school have already been opened on the grounds.

Running through the centre of the project is a pedestrian shopping street filled with shops, pharmacies, beauty salons and other businesses. The complex will also feature extensive amenities, with plans in place to build a polyclinic and a fitness centre, among other things.

Sports facilities, playgrounds and recreation areas have been built alongside the residential buildings. The Novoorlovskiy residential complex offers excellent transport links to the city centre and suburbs thanks to convenient access roads onto the Ring Road, the Western High-Speed Diameter and the main thoroughfares in the northern part of St Petersburg.



Construction timeline

2013 ————— 2024

<p>50 THS SQM</p> <p>net sellable area¹</p>	<p>1.3 RUB BLN</p> <p>market value¹</p>	<p>3.5 RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Portfolio overview

Other regions



Green River

OMSK, KIROVSKIY DISTRICT, VOLGOGRADSKAYA STREET

Green River, a large-scale residential complex in Omsk, is Etalon Group's first project beyond Moscow and St Petersburg. Developed in line with the "city within a city" concept, the project offers a large selection of apartments of different sizes with a variety of layouts: from classic to open-plan designs.



to the airport
20 minutes
~11 km

to the historical city centre
20 minutes
~10 km

Construction timeline

2022 2030

<p>1.4 MLN SQM</p> <p>net sellable area¹</p>	<p>28.8 RUB BLN</p> <p>market value¹</p>	<p>178.9 RUB BLN</p> <p>income from sales¹</p>
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¹ According to Nikoliers' valuation as of 31 December 2023.

Green River

About the project

One of the main features of the Green River complex is its landscape design. Running alongside the buildings is a broad promenade, with various landscape elements, that connects playgrounds for children with sports facilities, recreation areas and public gardens.

A pump track will be built as part of the first phase of the project, providing an additional location for outdoor activities. The safety of visitors will be guaranteed thanks to a state-of-the-art surface, high-quality fencing and a well-designed track.

In 2022, Etalon Group launched sales for the first phase of the project, which includes 14 residential buildings, a preschool, commercial premises, parking lots and landscaped courtyards.



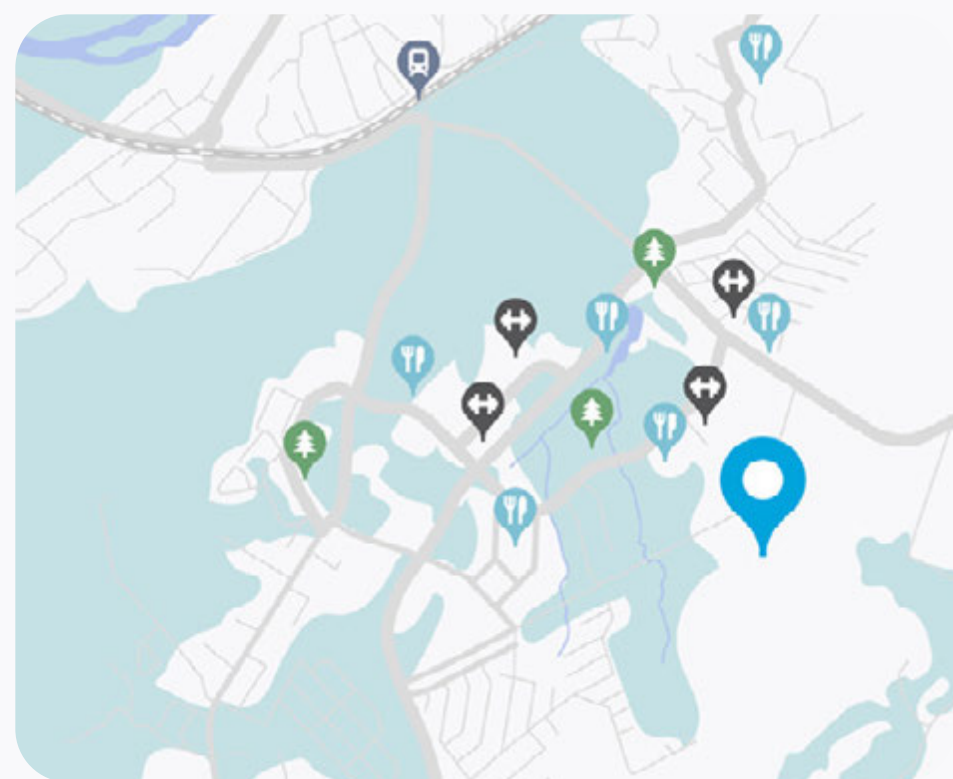
Location

The Green River residential complex is located on the left bank of the Irtysh River, in the Kirovskiy district of Omsk, an amenity-rich area with a great deal of promise. The construction site occupies the area from Baucentre on Volgogradskaya Street to Kondratyuk Street and Verkhnedneprovskaya Street.

Schools, preschools, sports facilities and grocery stores are all within walking distance from the complex. Nearby public transport stops and major thoroughfares provide convenient transport connections for residents.

Schastye v Koltsovo

NOVOSIBIRSK REGION, KOLTSOVO, MICRODISTRICT VA



Surrounded by a large wooded area, the complex blends original architecture with a comfortable living environment. It also provides everything one might need for an active lifestyle and family recreation, from comfortable ergonomic layouts to extensive on-site amenities.

The project incorporates state-of-the-art engineering solutions:

- an automated smart metering system to keep track of resource consumption
- an IP intercom system with the possibility of adding a wide range of functions
- quiet high-speed elevators that descend to the parking garage
- energy-saving LED lamps operated by a lighting control system
- a video surveillance system

The car-free courtyard is divided into zones for various activities: playgrounds, a sensory maze, an area with exercise machines, quiet areas for doing callisthenics, and so on. The complex has an underground parking garage with storage areas for bulky items and storage rooms for prams on the ground floors.

The new complex will be built in the Novosibirsk metropolitan area, just 25 km from Novosibirsk.

The Koltsovo district, where the residential complex is being built, boasts all essential amenities and is one of the leading research and manufacturing hubs in the region. The town is home to a dozen or more research institutions and innovative companies engaged in the development and production of biotechnology. The project site borders on other residential areas and a forest. Akademgorodok and the Akadempark business incubator are a 25-minute drive away.



Construction timeline

2023

2029

256 THS SQM

net sellable area¹

5.9 RUB BLN

market value¹

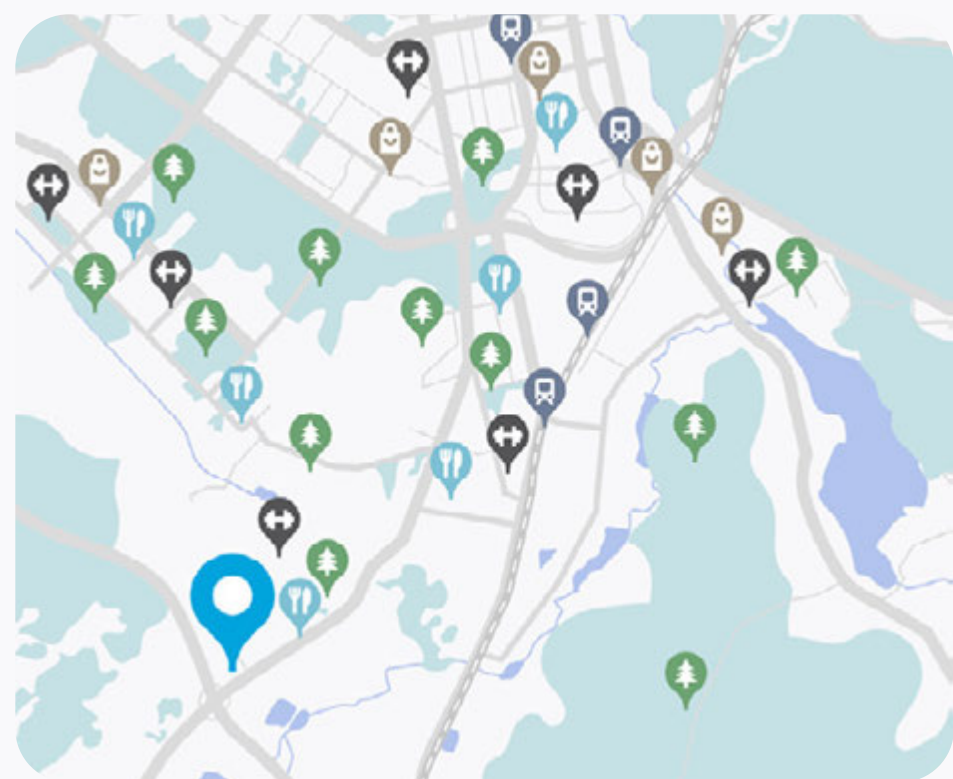
35.6 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Solnechniy residential district

CHKALOVSKIY DISTRICT, ZOLOTISTYIY BULVAR – LUCHISTAYA STREET



The distinguishing feature of the Solnechniy residential district in Ekaterinburg is its modern, European-style architecture. The buildings in the district are of varying numbers of storeys, enabling excellent illumination of the apartments and inner courtyards. Oversized windows are another architectural feature: the buildings will feature French windows and corner windows as well as enclosed balconies with panoramic glazing.

About the project

The project features a new format: apartments on the ground floors with a separate entrance and a terrace. The terraces, placed along the perimeter of the buildings and surrounded by shrubs, will create a sense of seclusion from the hustle and bustle of the city. Areas for recreation can also be arranged on the open and enclosed balconies that are available with each apartment.

Residents will enjoy comfort thanks to several engineering solutions: metering systems for resource consumption, quiet elevators as well as a dedicated boiler room. By providing an uninterrupted supply of heat and hot water, the boiler room will be able to maintain the desired microclimate at any time of the year.

Playgrounds for children of different ages, football fields, sports grounds and areas for recreation will be built within the enclosed courtyards. The customised landscape design calls for the arrangement of lawns as well as a planting of shrubs and trees.

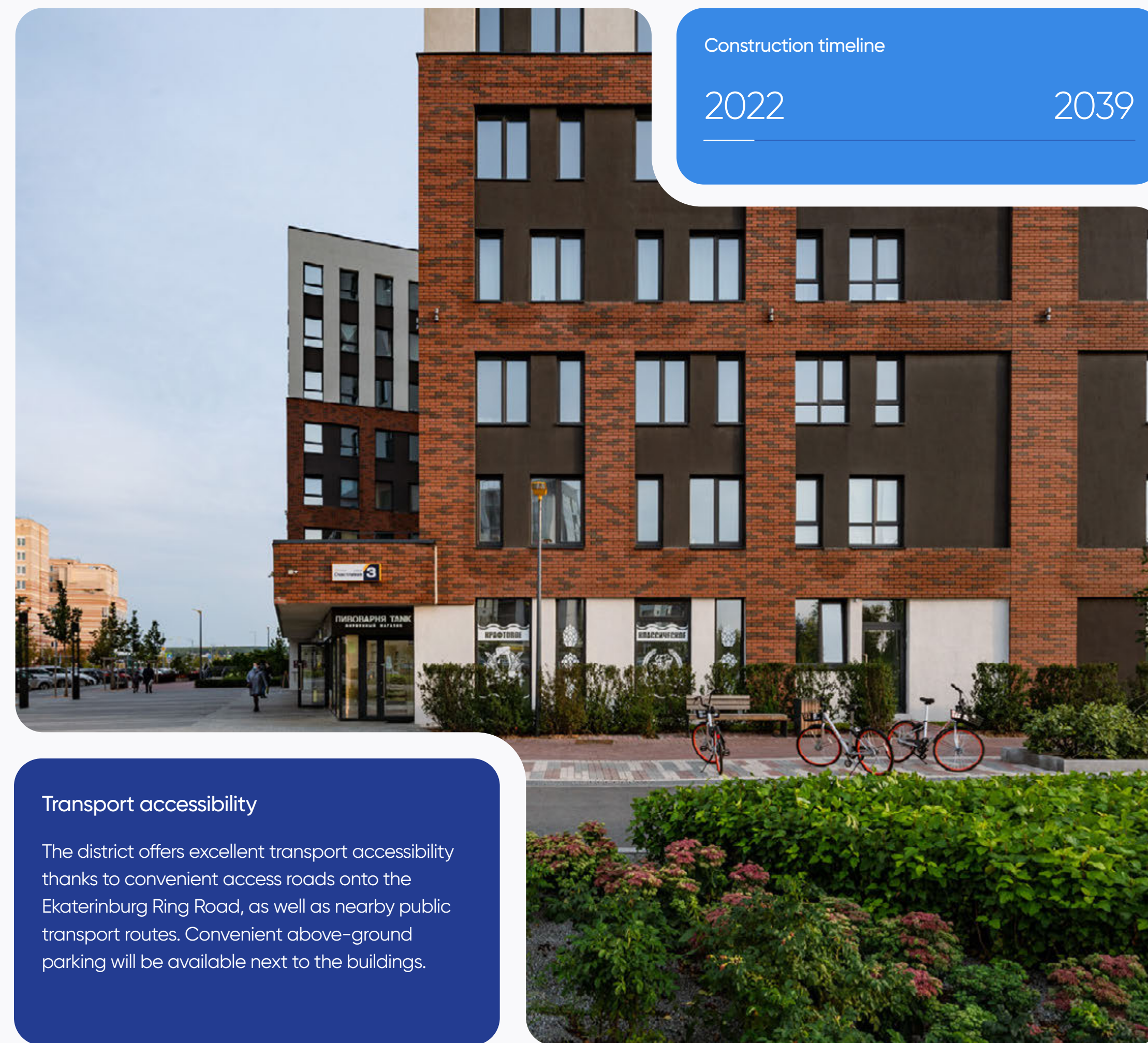
To ensure the safety of the residents, an advanced video surveillance system, a monitoring centre, access control and alarm buttons will be provided on the grounds of the complex. Parents will also be able to use a special application to monitor their children remotely.

Amenities

Key amenities are available within walking distance from the complex:

- the Governor's Lyceum, a school for 1,200 students
- an innovative preschool for 300 children
- a rhythmic gymnastics centre

The Governor's Lyceum building will house Quantorium, a technology park for children that will help youngsters choose a future career path at an early age. The complex will also house the IT Cube digital education centre, where schoolchildren will be able to learn about the latest trends in IT. In addition, a hockey academy will also be located on the grounds of the complex.



Construction timeline

2022

2039

Transport accessibility

The district offers excellent transport accessibility thanks to convenient access roads onto the Ekaterinburg Ring Road, as well as nearby public transport routes. Convenient above-ground parking will be available next to the buildings.

1.8 THS SQM

net sellable area¹

30.2 RUB BLN

market value¹

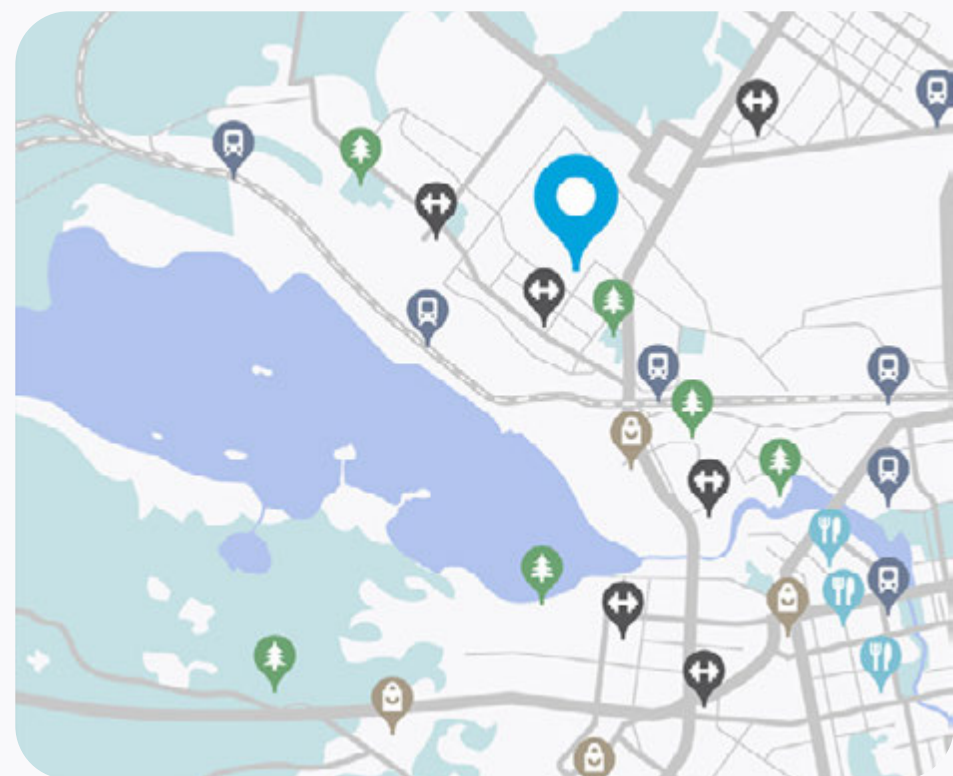
298.8 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Rauta

📍 EKATERINBURG, ZHELEZNODOROZHNIY DISTRICT, NADEZHDINSKAYA STREET



Located in the Zheleznodorozhniy district of Ekaterinburg, the Rauta residential complex consists of nine residential buildings and several above-ground parking lots. The ground floors of the buildings house commercial space for shops, cafes, hair salons and other businesses. On the grounds of the complex are recreation areas, playgrounds for children, sports facilities, and pedestrian and cycling paths. The complex's courtyard is car-free, which ensures the safety of residents.

About the project

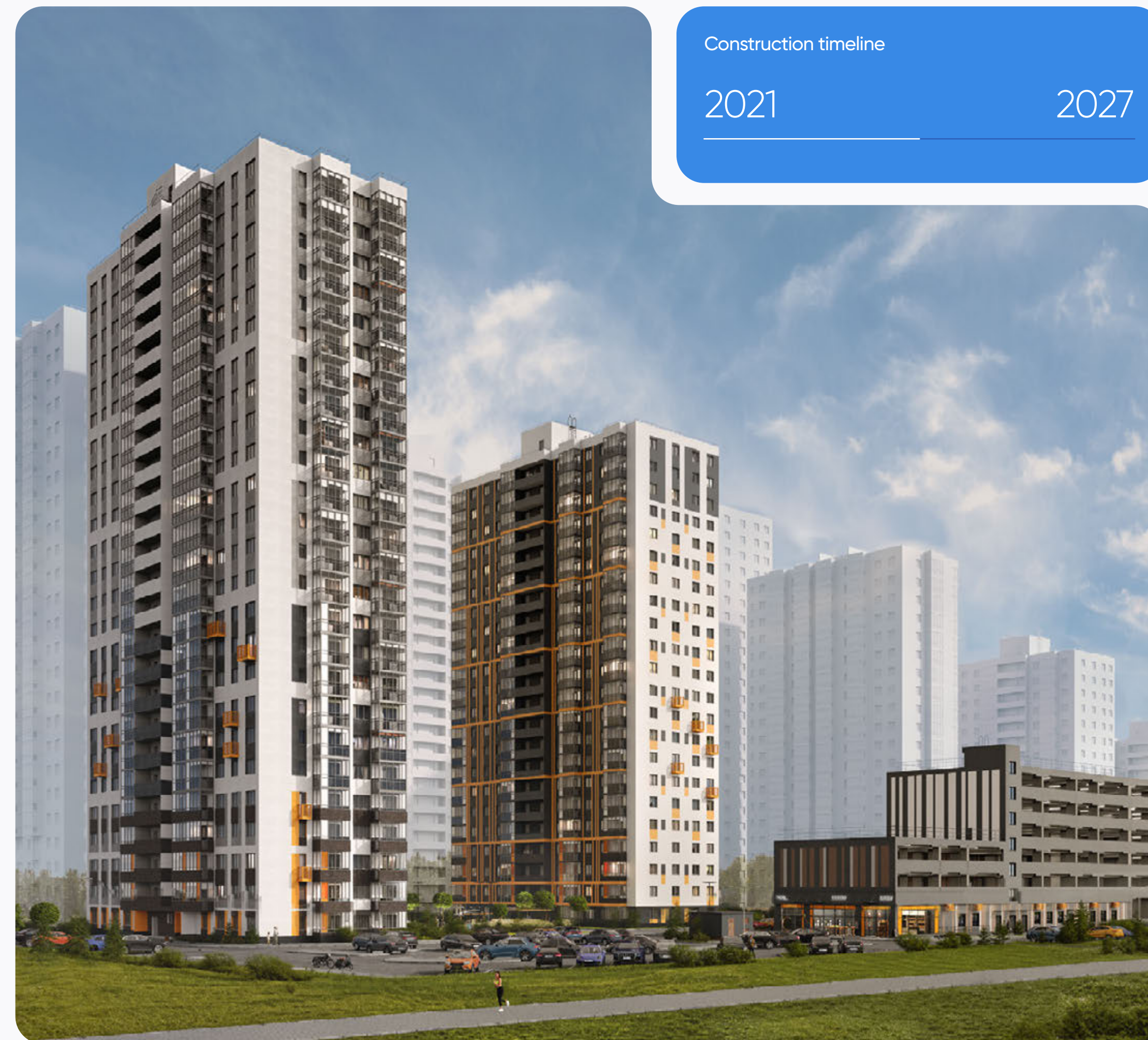
Extensive amenities are available in the area where the Rauta residential complex is located. Nearby are a railway station and the northern bus station, an arena for team sports, the Cosmos cinema and concert hall, the Olympic Embankment along the Iset River, a park for walks and recreation, schools and preschools, supermarkets, shops and cafes.

The Rauta residential complex complies with the new GOST R green standard for apartment buildings. The complex, which meets the requirements for responsible construction, offers a high class of energy efficiency (A), a white box finish, water- and energy-conservation systems, and barrier-free grounds.

Construction timeline

2021

2027



108 THS SQM

net sellable area¹

1.9 RUB BLN

market value¹

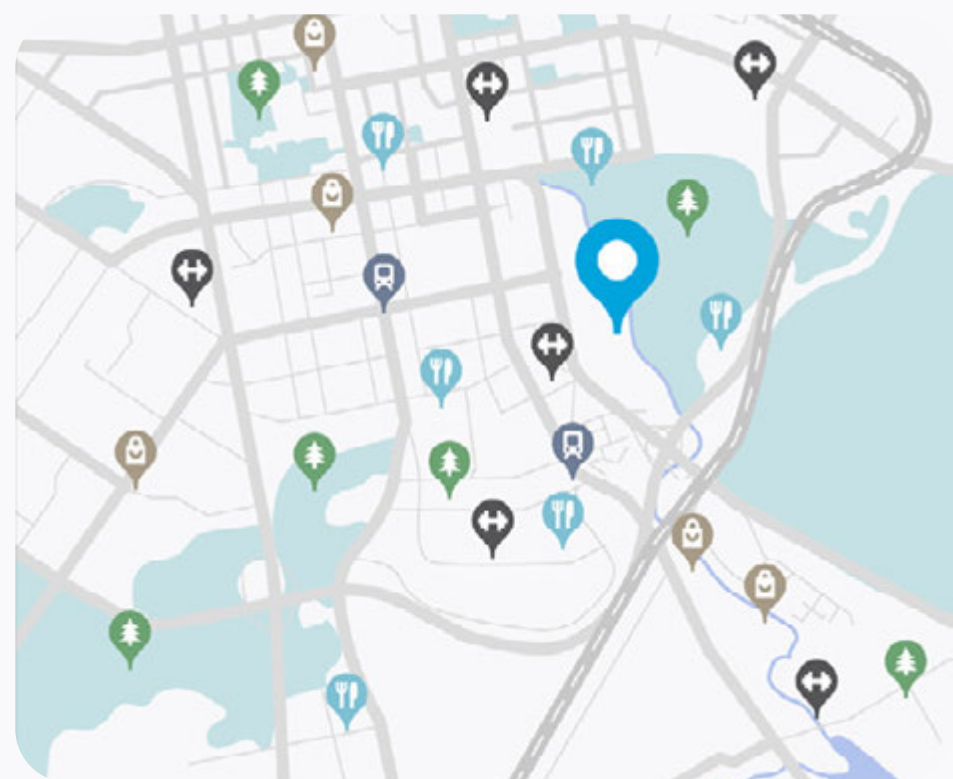
13.0 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Suomen Ranta

📍 EKATERINBURG, OKTYABRSKIY DISTRICT, LUGANSKAYA STREET



The Suomen Ranta residential complex, part of the YIT Russia portfolio acquired by Etalon Group in an M&A deal completed in 2022, consists of five residential buildings, three of which are already inhabited. The complex has both underground and above-ground parking lots.

About the project

The complex offers a range of layouts, including open-plan apartments with a combined kitchen and living room, walk-in closets and utility rooms. Space for storage is available on the buildings' underground levels. The ground floors house shops, a supermarket and a marketplace pickup point.

The facades of all the buildings in the complex are uniform in style. The ground floor has a functional layout with barrier-free access and a passageway to the courtyard. The grounds around the buildings include playgrounds, sports facilities, recreation areas, as well as bicycle and pedestrian paths.

The complex is located in a developed area of Ekaterinburg, on the banks of the Iset River, next to Mayakovskiy Park. Within walking distance from the complex can be found all essential social amenities and commercial infrastructure, as well as public transport stops and the Botanicheskaya and Chkalovskaya metro stations. A convenient exit onto the Novokoltsovskiy Highway and a bypass road provides transport accessibility, enabling motorists to reach the city centre, airport, train station and nearby districts in 10–15 minutes.

Construction timeline

2022

2024



34 THS SQM

net sellable area¹

1.8 RUB BLN

market value¹

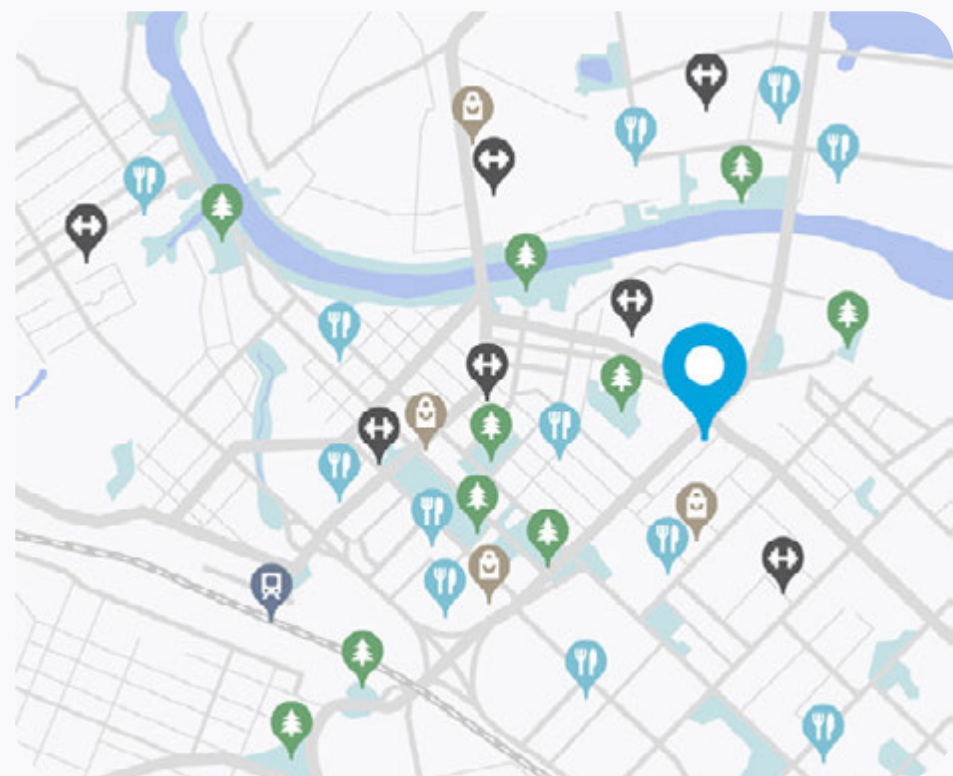
4.0 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Schastye v Tyumeni

TYUMEN, TSENTRALNIY DISTRICT, PROFSOYUZNAYA STREET – OLOVYANNIKOV STREET – SEVERNAYA STREET



In 2022, Etalon Group launched its fourth regional project under the Schastye brand, in Tyumen. The project will have a total NSA of 58 ths sqm, including 45 ths sqm of housing and commercial real estate.

About the project

The complex consists of three buildings of 15 to 25 floors each with above-ground parking. The apartments feature modern layouts with a combined kitchen and living room as well as a master bedroom. Some of the apartments on the upper floors have terraces offering panoramic views.

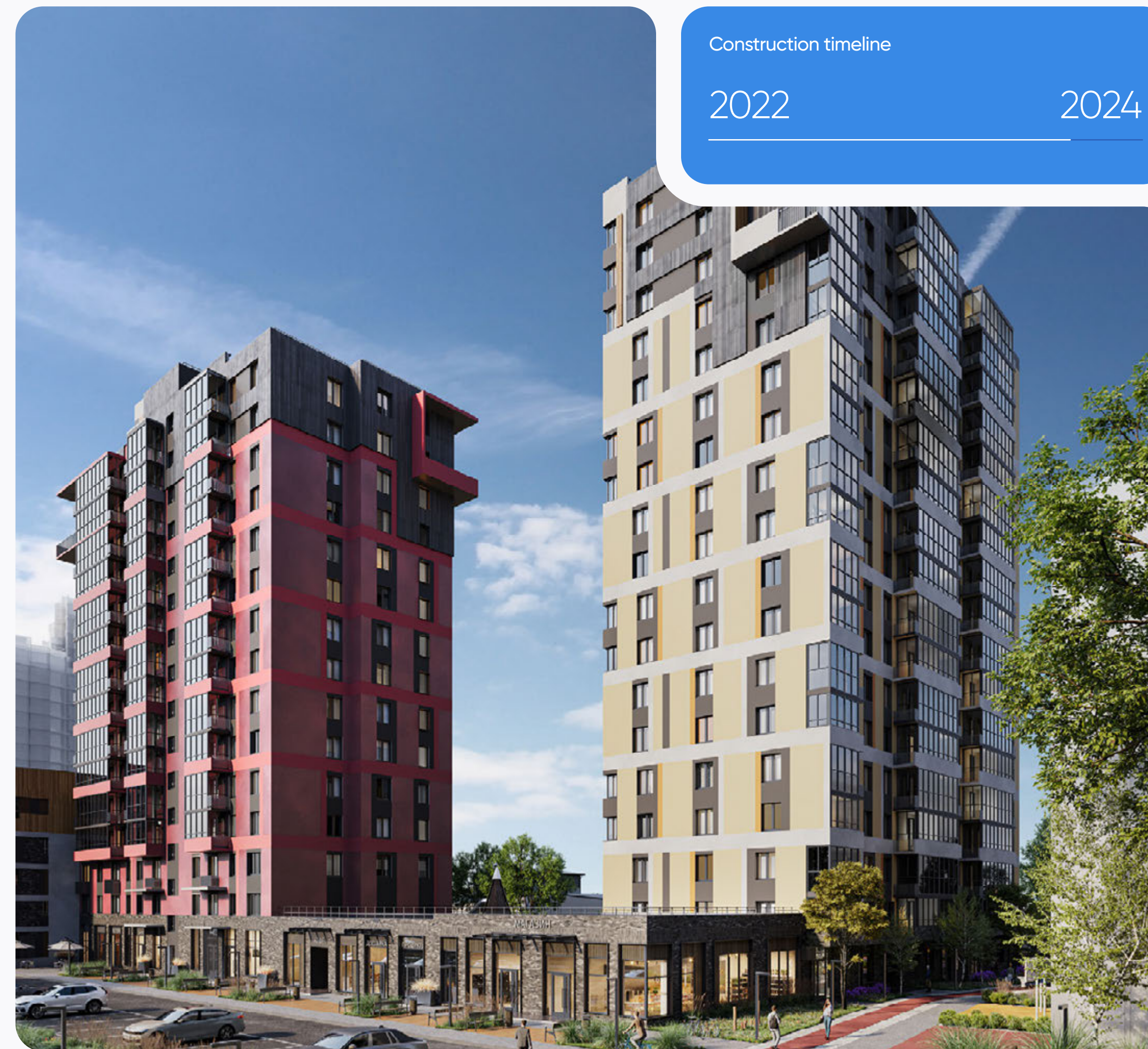
The grounds of the complex will feature playgrounds for children, recreation areas, and sports grounds with outdoor exercise machines. A promenade with a gallery of shops and offices will run atop the roof of the parking garage.

The complex is located in the very centre of Tyumen, at the intersection of Profsoyuznaya Street and Olovyannikov Street. Within walking distance can be found schools, preschools, universities, healthcare facilities, shopping and business centres, sports facilities, parks and the embankment of the Tura River. Transport accessibility is provided by convenient connections to the city's major thoroughfares.

Construction timeline

2022

2024



58 THS SQM

net sellable area¹

1.8 RUB BLN

market value¹

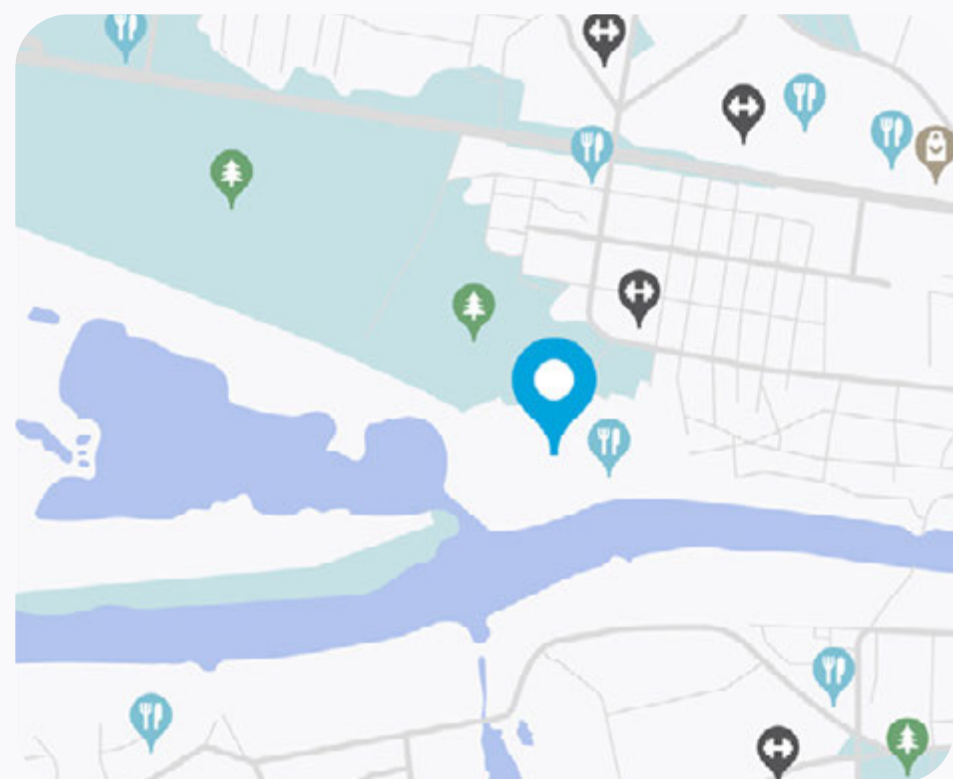
4.8 RUB BLN

income from sales¹

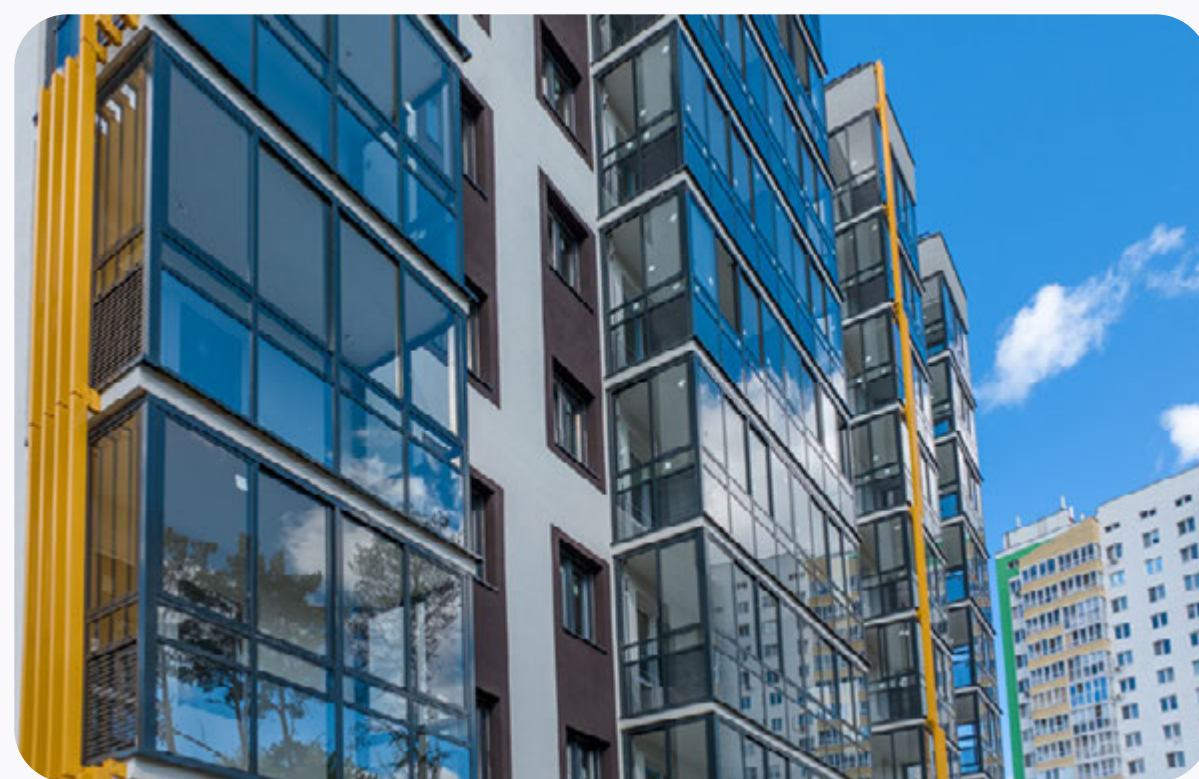
¹ According to Nikoliers' valuation as of 31 December 2023.

Gulf of Finland

TYUMEN, LENINSKIY DISTRICT, PARADA POBEDY STREET 11



The Gulf of Finland residential complex is located in the north-eastern part of Tyumen, on the shores of Lake Krugloye in the Mys microdistrict. The site is located not far from the Tura River. To the north there is a large park with spruce, pine and birch trees as well as walking paths, bicycle paths and ski trails. The district is a popular part of the city for recreation, where the main forest parkland is concentrated, combined with a high percentage of commercial properties and administrative facilities.

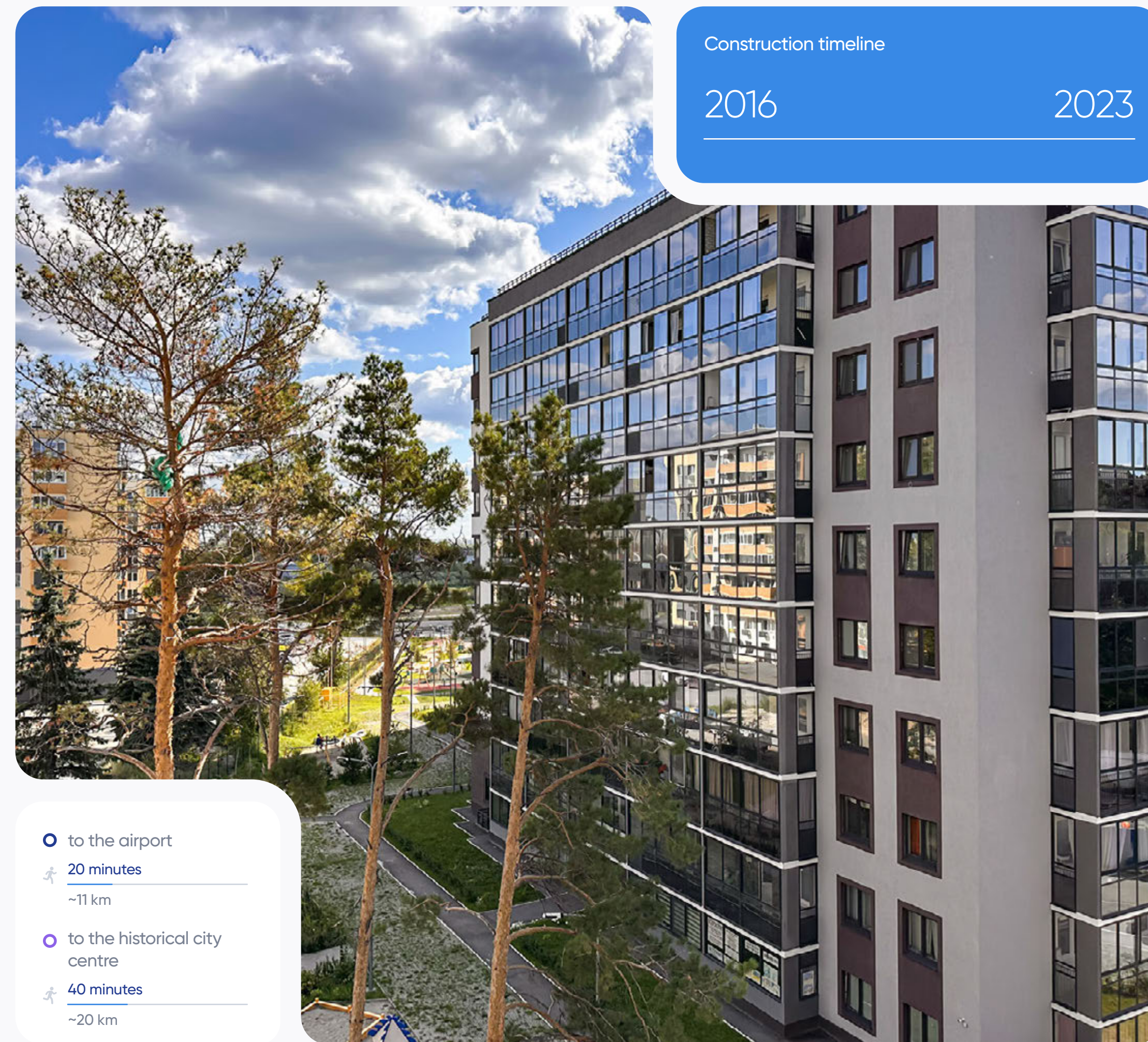


About the project

The complex consists of a 10-storey residential tower with on-site commercial premises, above-ground parking, an enclosed courtyard and fully outfitted recreation areas for both children and adults.

Eco-friendly materials and energy-saving technologies were used during construction. Clean air, natural bodies of water and extensive amenities are some of the attractive benefits offered by the Gulf of Finland residential complex, which is located in the greenest part of Tyumen.

Transport accessibility is provided by nearby public transport routes as well as convenient access roads onto the Tobolskiy Highway, one of the city's main thoroughfares. By car the city centre can be reached in about 20 minutes, and the airport in about 40 minutes.



Construction timeline

2016

2023

to the airport

20 minutes

~11 km

to the historical city centre

40 minutes

~20 km

4 THS SQM

net sellable area¹

262 RUB MLN

market value¹

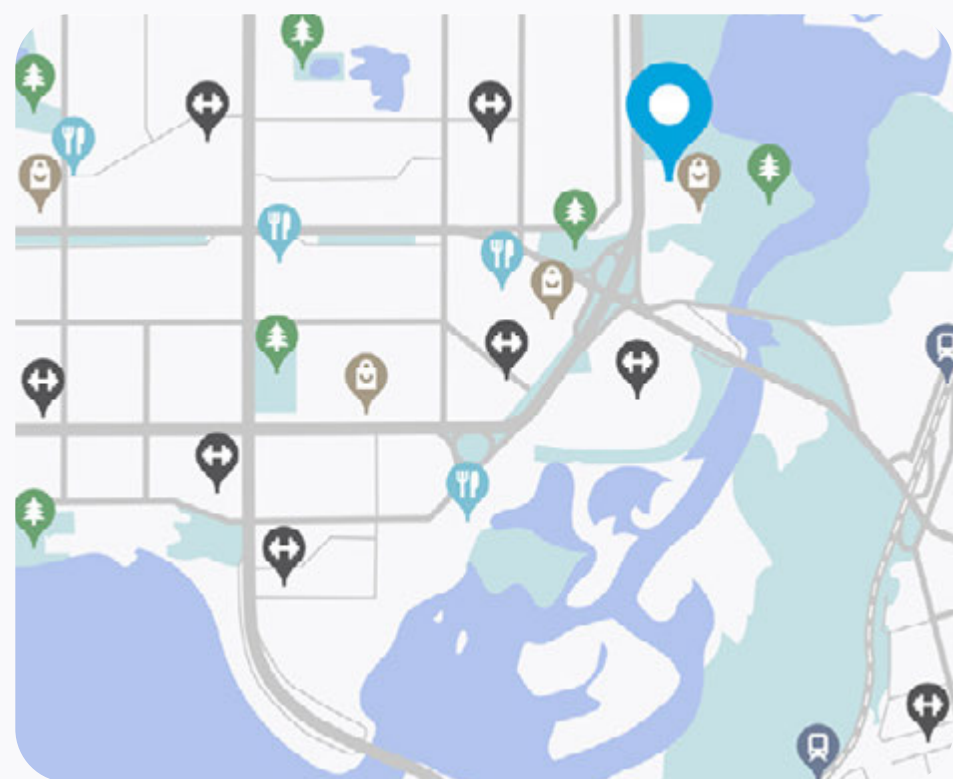
310 RUB MLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Schastye v Kazani

KAZAN, NOVO-SAVINOVSKIY DISTRICT, GAVRILOV STREET



In 2022, Etalon Group launched its first project under the Schastye brand in Kazan. The first phase of the complex consists of a 19-storey building and a 20-storey building that will house apartments, commercial and office space, as well as a two-level parking garage. The total NSA of the first phase will be 20 ths sqm, including 19 ths sqm of housing.

About the project

The project offers apartments with classic as well as open-plan layouts. There are options with a spacious kitchen-living room, so-called transformer apartments, and apartments with walk-in closets, master bedrooms and saunas.

The landscaping concept for the grounds surrounding the project was developed in collaboration with landscape designers and environmental experts. Operational terraces and publicly accessible recreation areas will be built atop the project's stylobate; the adjacent grounds will feature recreation and sports facilities, playgrounds for children as well as an extensive walking area.

The residential complex is located in a developed green area with a wide range of social amenities and commercial infrastructure. Schools, shops, cafes, shopping centres and sports facilities are within walking distance. The complex is located in close proximity to the picturesque Savinovo recreation park, on the banks of the Kazanka River. The project offers convenient transport access onto Prospekt Yamasheva.

Construction timeline

2021

2026



56 THS SQM

net sellable area¹

4.2 RUB BLN

market value¹

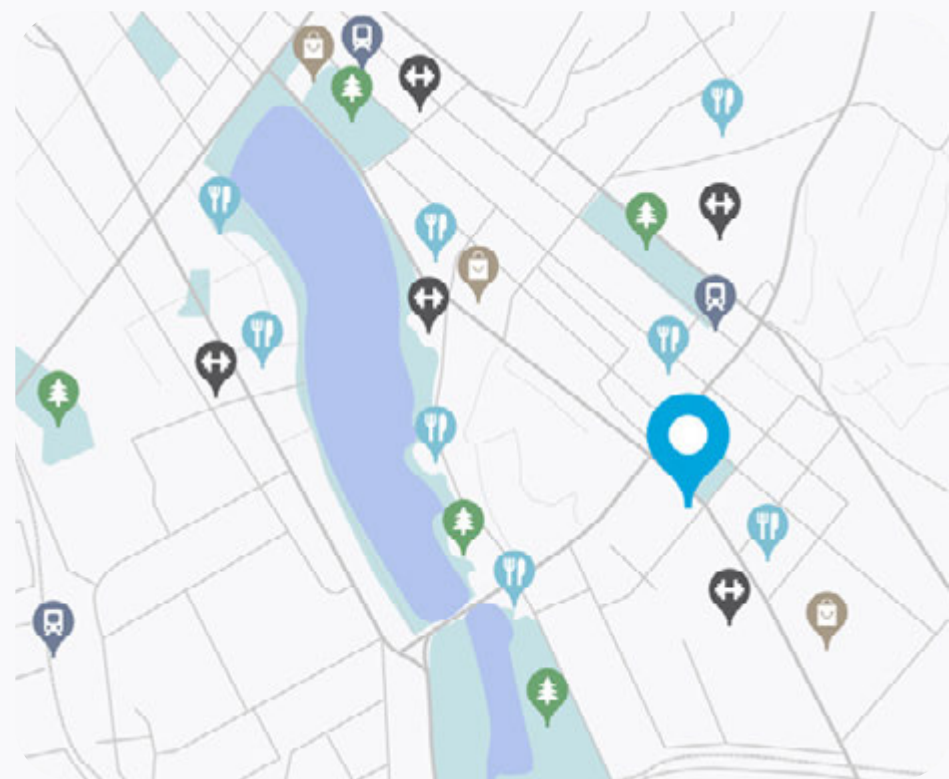
13.5 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Suita Quarter

KAZAN, PAVLYUKHIN STREET



The Suita Quarter residential complex is located in the central part of Kazan, at the intersection of Pavlyukhin Street and Shaliapin Street, with views of the philharmonic building and the famous Grey House. The ensemble of buildings will consist of several homes connected by a tree-lined walkway.



About the project

The project offers apartments of various sizes and formats: from classic options to open-plan layouts. With its cosy architectural solutions used to create private, car-free courtyards and low, eight-storey buildings with a small number of apartments, the complex offers residents the type of atmosphere typical of low-rise developments.

The site is located near the Sukonnaya Sloboda metro station, and bus and trolleybus routes are nearby. By car the Bolshoy Kazan Ring Road can be reached in no more than 10 minutes, and the airport can be reached in 25 minutes.

Construction timeline

2021

2026



31 THS SQM

net sellable area¹

1.5 RUB BLN

market value¹

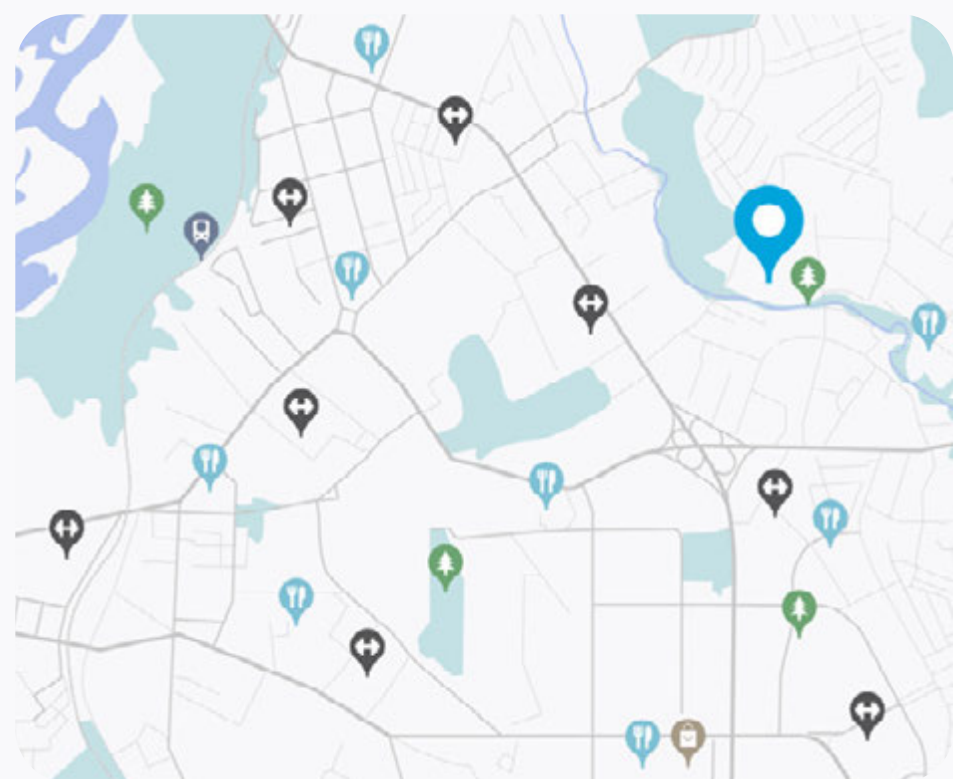
4.1 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Green

KAZAN, ARKHITEKT GAINUTDINOV STREET 22



The state-of-the-art Green residential complex, located in the Sovetskiy district of Kazan, consists of six buildings (of 17–19 storeys), with parking as well as commercial and office space. The Green project got its name thanks to the fact that it pays special attention to improving the Noks River embankment: parkland will be equipped with sports facilities and running tracks, as well as areas for activities and quiet recreation for residents of all ages.

About the project

All of the homes are being built with state-of-the-art eco-friendly materials and energy-efficient technologies. The buildings' functionality is the result of using both innovative equipment and thought-out planning solutions.

Although the complex is located in natural surroundings, it still offers convenient transport accessibility and extensive amenities. Residents can quickly reach the city centre by both personal and public transport. Within walking distance can be found grocery stores as well as a hypermarket selling construction and finishing materials. Nearby tram and bus routes enable quick access to any part of the city.



Construction timeline

2020

2024

22 THS SQM

net sellable area¹

644 RUB MLN

market value¹

1.5 RUB BLN

income from sales¹

¹ According to Nikoliers' valuation as of 31 December 2023.

Results

OPERATING RESULTS	77
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Operating results

Since acquiring YIT Russia in 2022, Etalon Group has expanded its portfolio to include projects in eight regions. In 2023, it bolstered its positions beyond Moscow and St Petersburg as it continued putting space in new regional projects on the market. Doing so enabled the Company to increase its share of sales from regional projects to 34% in terms of floor space and to demonstrate the best results in its history. The Group expects regional projects to remain one of its main growth drivers when it comes to key operational metrics.



2023 results



Sales
547 THS SQM

+87% year-on-year

Sales
105.6 RUB BLN

+80% year-on-year

2023 results

+36% year-on-year

Cash
collections

82.1 RUB BLN

2023 results



2.0× year-on-year

Share of regional projects
In terms of floor space

34%

Operating results: key metrics

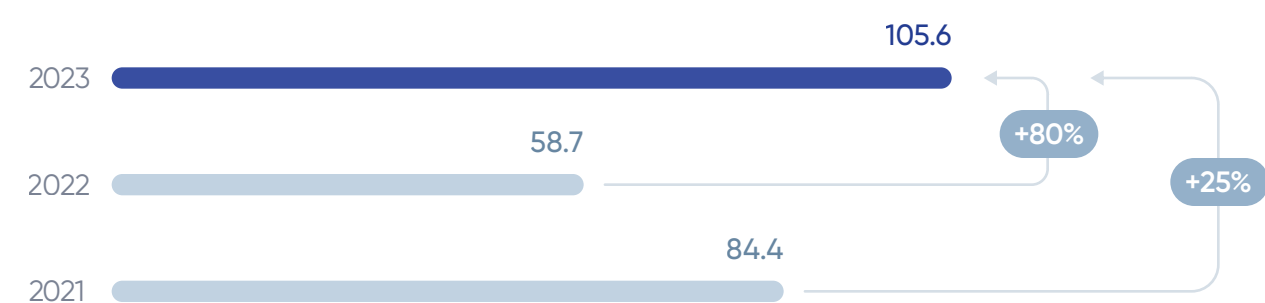
In the first half of 2023, the Company enjoyed a recovery in performance in terms of its main metrics – new contract sales and cash collections – which was followed by double-digit growth in the second half of the year. The Company's new contract sales for the year were the best in its history in monetary terms, exceeding its 2022 results by 80% and its record-setting 2021 performance by 25%.

Sales were particularly robust in 4Q 2023, which was the strongest in Etalon Group's history, both in terms of floor space and in monetary terms.

One of the main factors behind the Company's improved quarter-on-quarter operational performance and driving its record sales in 2023 was the increase in the share of sales in the mass-market segment and the Company's strategy for regional expansion.

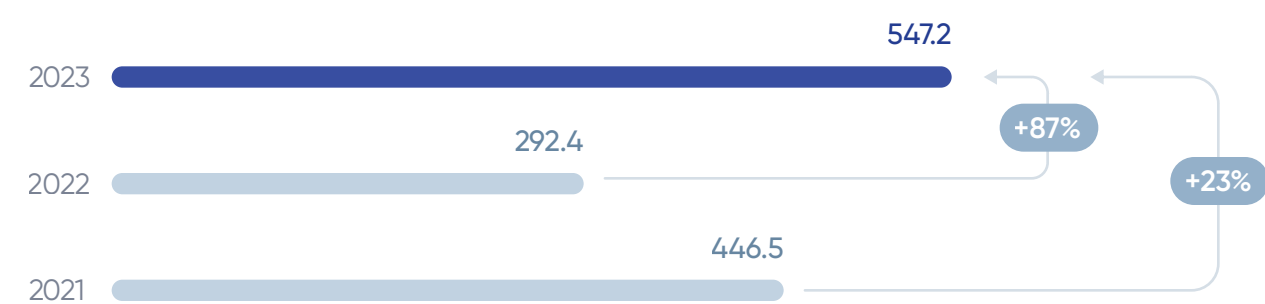
New contract sales, RUB bln

+25% from 2021
+80% from 2022



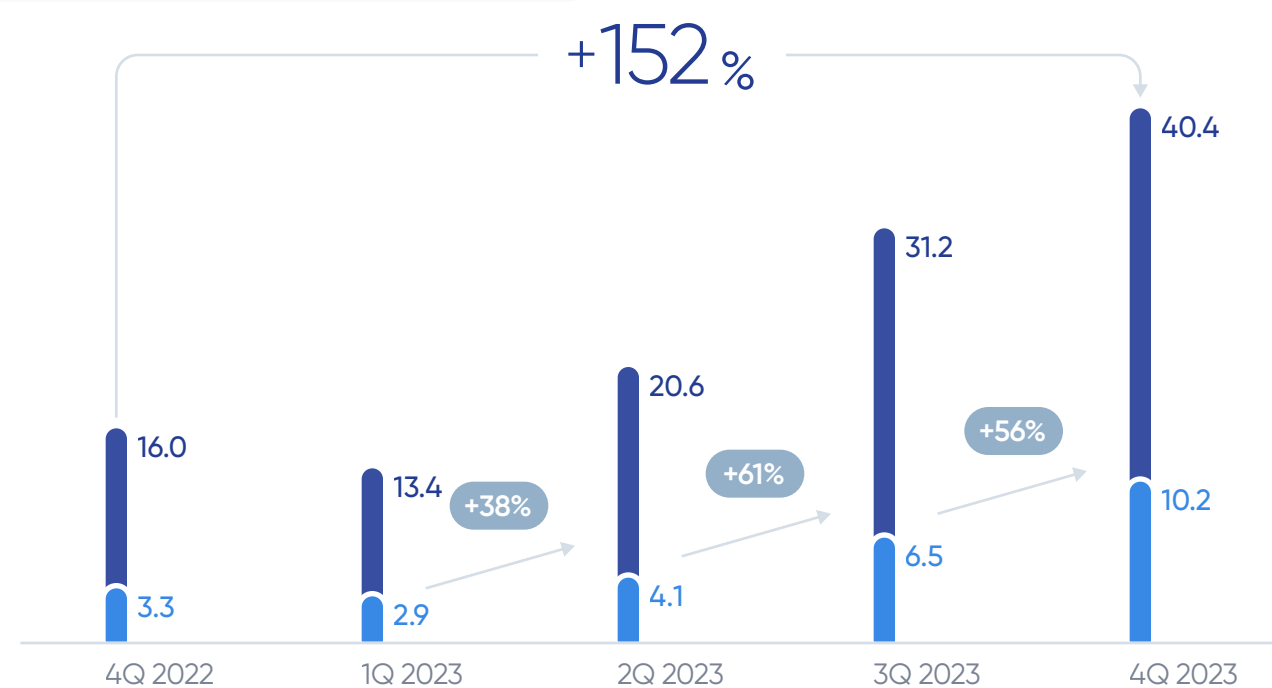
New contract sales, ths sqm

+23% from 2021
+87% from 2022



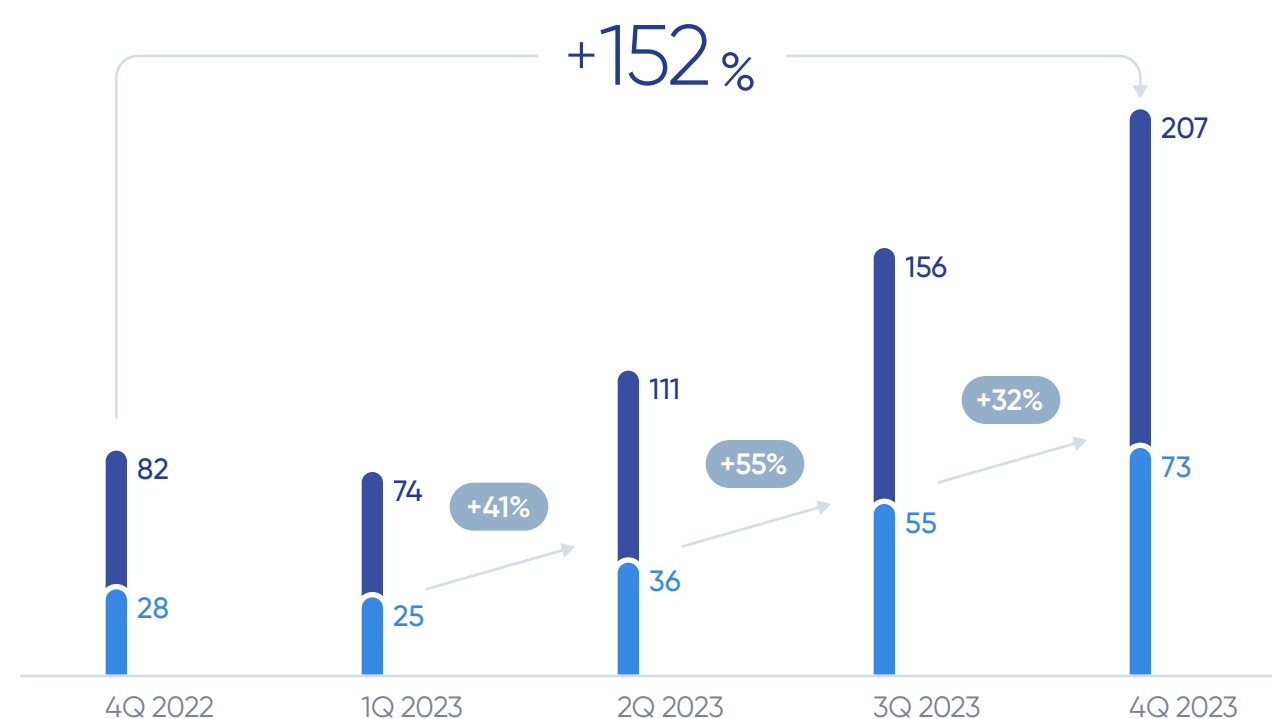
New contract sales, RUB bln

Regional sales



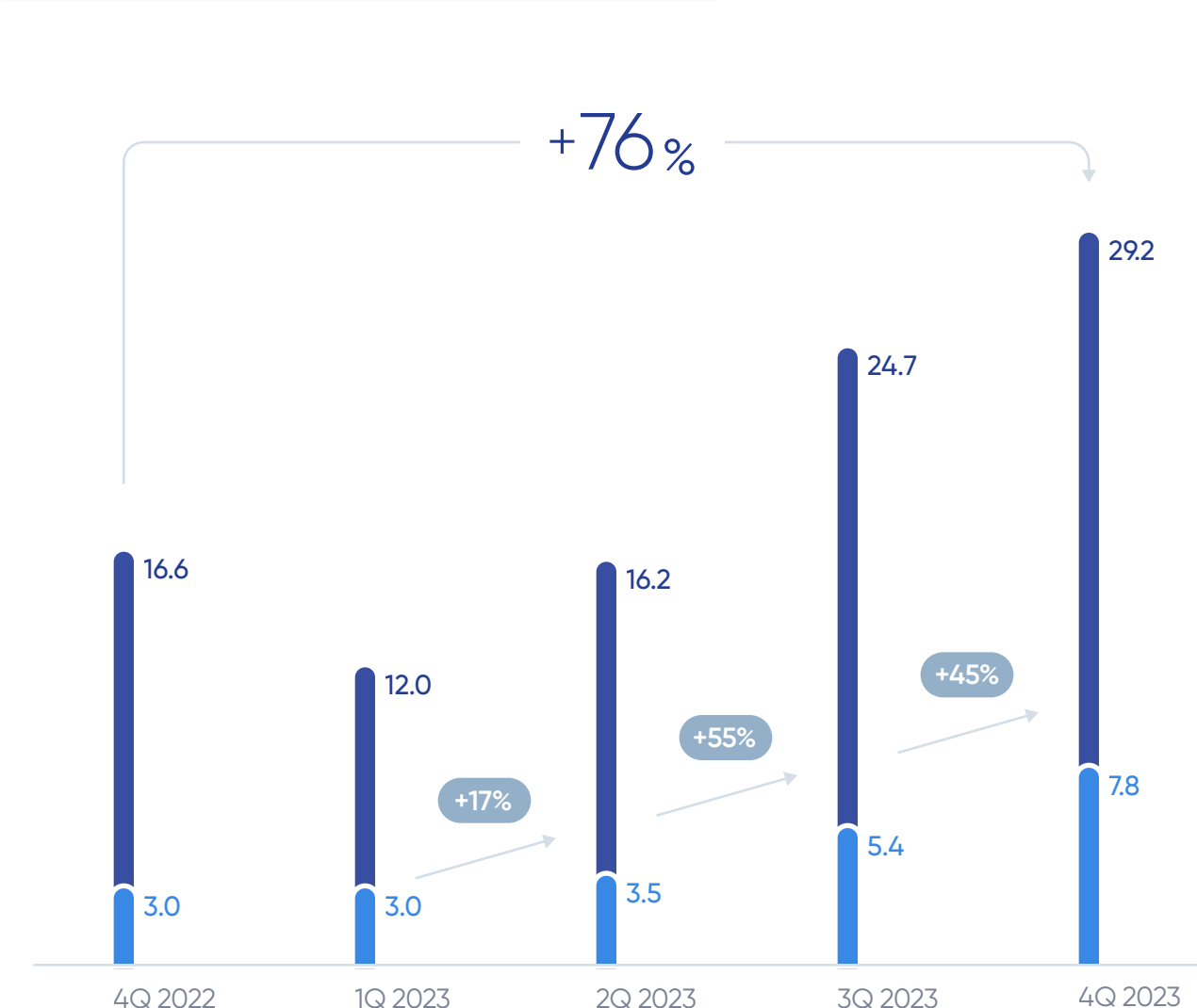
New contract sales, ths sqm

Regional sales



Cash collections, RUB bln

Regional sales



In 4Q 2023, we enjoyed robust growth in terms of floor space in every market where we operate, while regional projects saw the highest growth in monetary terms when it comes to cash collections and sales.

Sales breakdown: larger share of sales in regional markets

In 2023, Etalon Group put 360 ths sqm on sale in seven different regions. Since the start of Etalon Group's regional expansion in 2021, the share of regional projects in the total amount of floor space the Company has put on sale has increased to 71%, driving a change in the breakdown of its sales portfolio during the year.

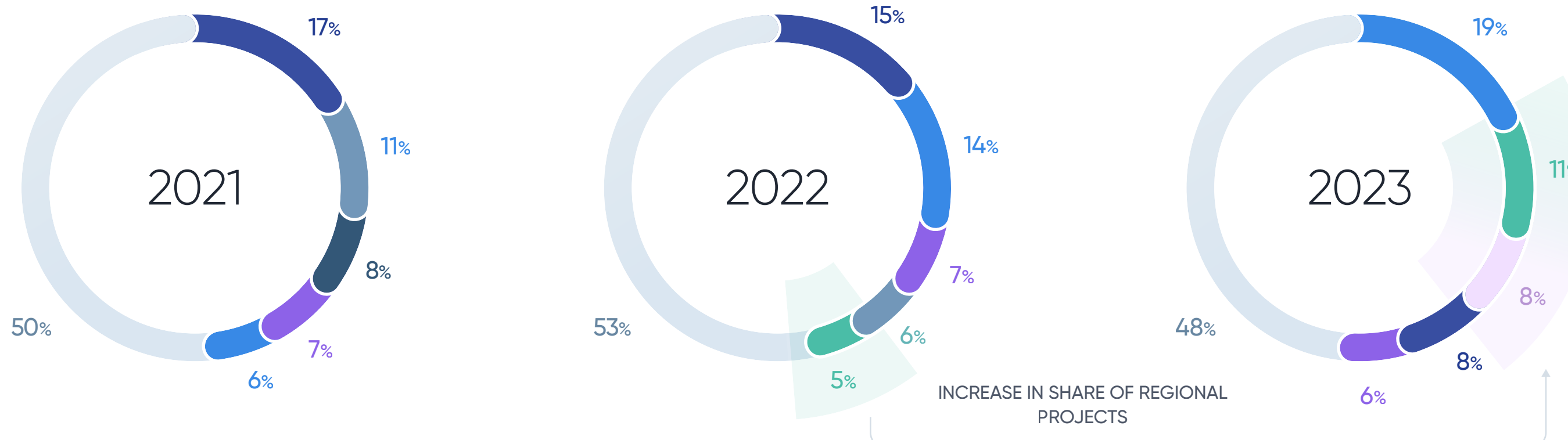
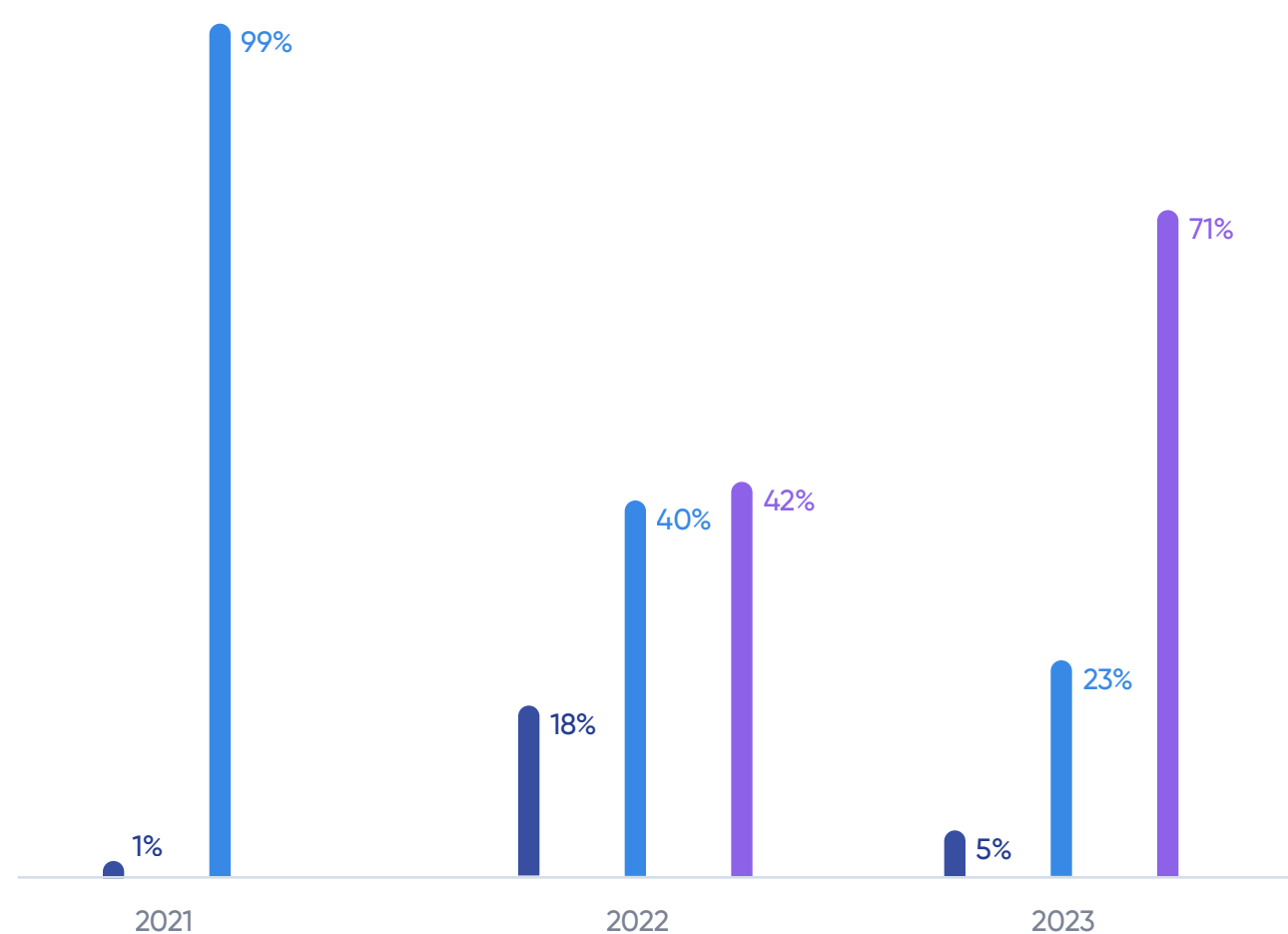
In the reporting year, regional projects accounted for a significant portion of the Company's five most popular residential complexes. Regional projects accounted for 34% of the Group's total sales¹ in 2023, a considerable increase since the start of regional expansion.

34%

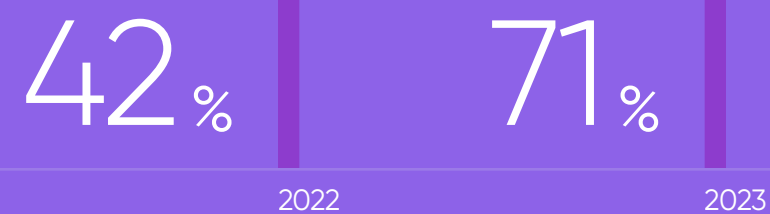
share of regional projects among total sales

New launches, ths sqm

● St Petersburg ● Moscow and the Moscow region ● Other regions



Share of regional projects in terms of the amount of floor space put on sale



We expect the following factors to drive an increase in regional sales in 2024:

- ✓ the continuation of limits on state-subsidised mortgage programmes that are comparable to the average listing price in regional markets
- ✓ the movement of demand from the secondary market to the primary market due to high mortgage rates
- ✓ the large amount of unmet demand in regional markets for quality housing in the primary market
- ✓ the active development of more fragmented regional markets and the pivot towards a more affordable product

¹ In terms of floor space.

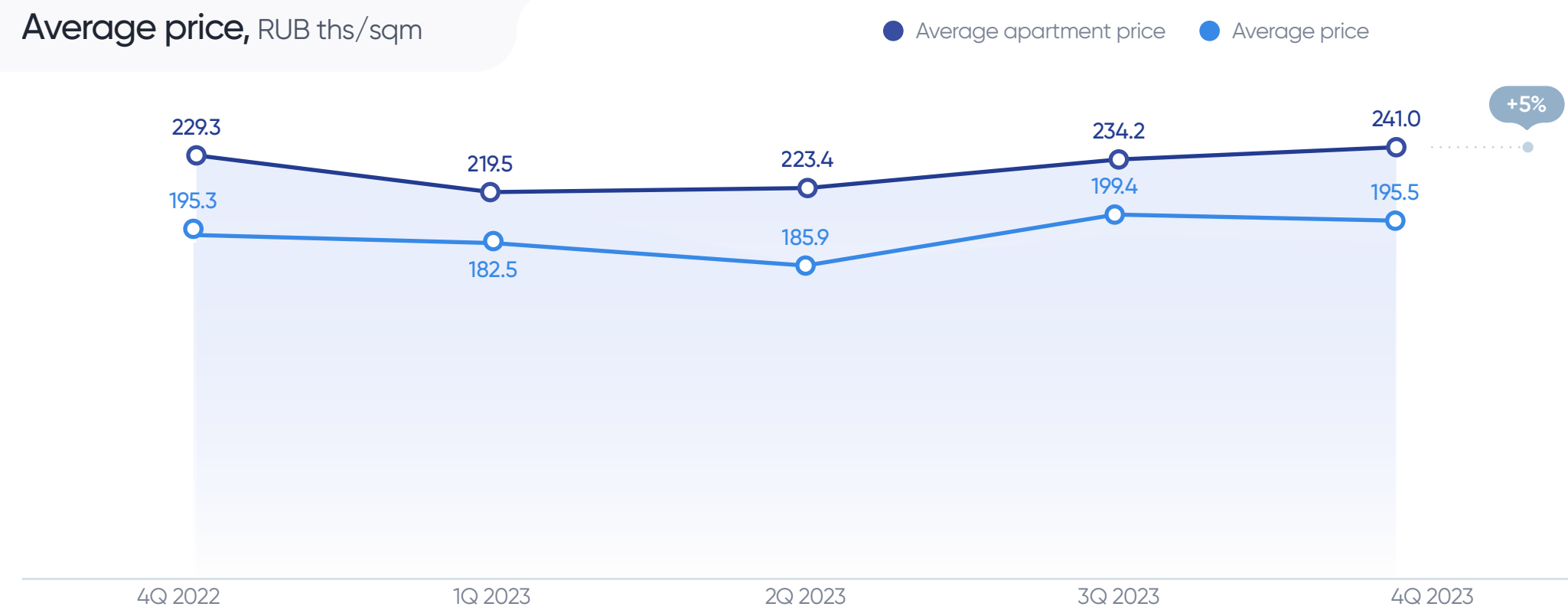
Sales portfolio: average price trend

192.9 RUB THS

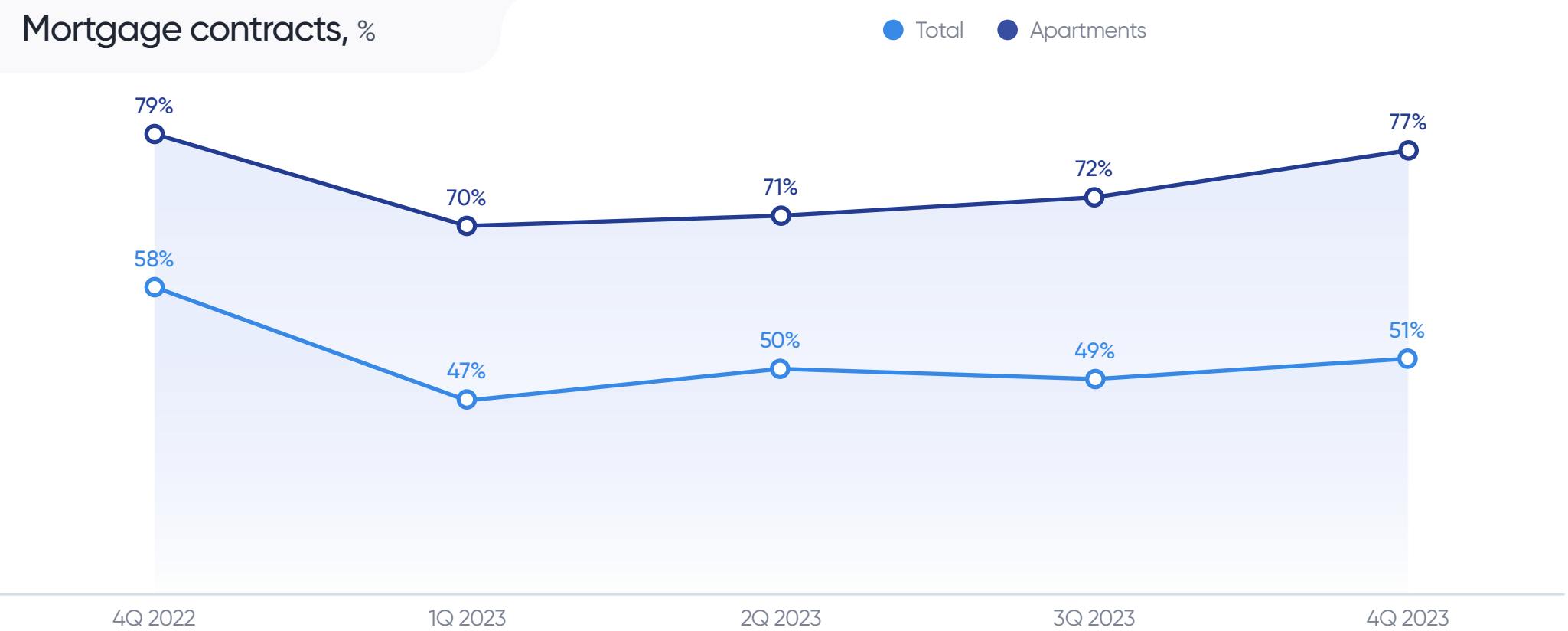
average price per sqm for all types of real estate in 2023

In light of the sales breakdown, the average price remained virtually unchanged from the previous year: the average price of apartments increased by 5% despite the growing share of affordable regional housing in Etalon Group's project portfolio. The average price of apartments in our regional projects increased by 16% year-on-year due to higher demand and progress in the construction of project phases previously put on the market.

Average price, RUB ths/sqm



Mortgage contracts, %



Mortgage-backed sales

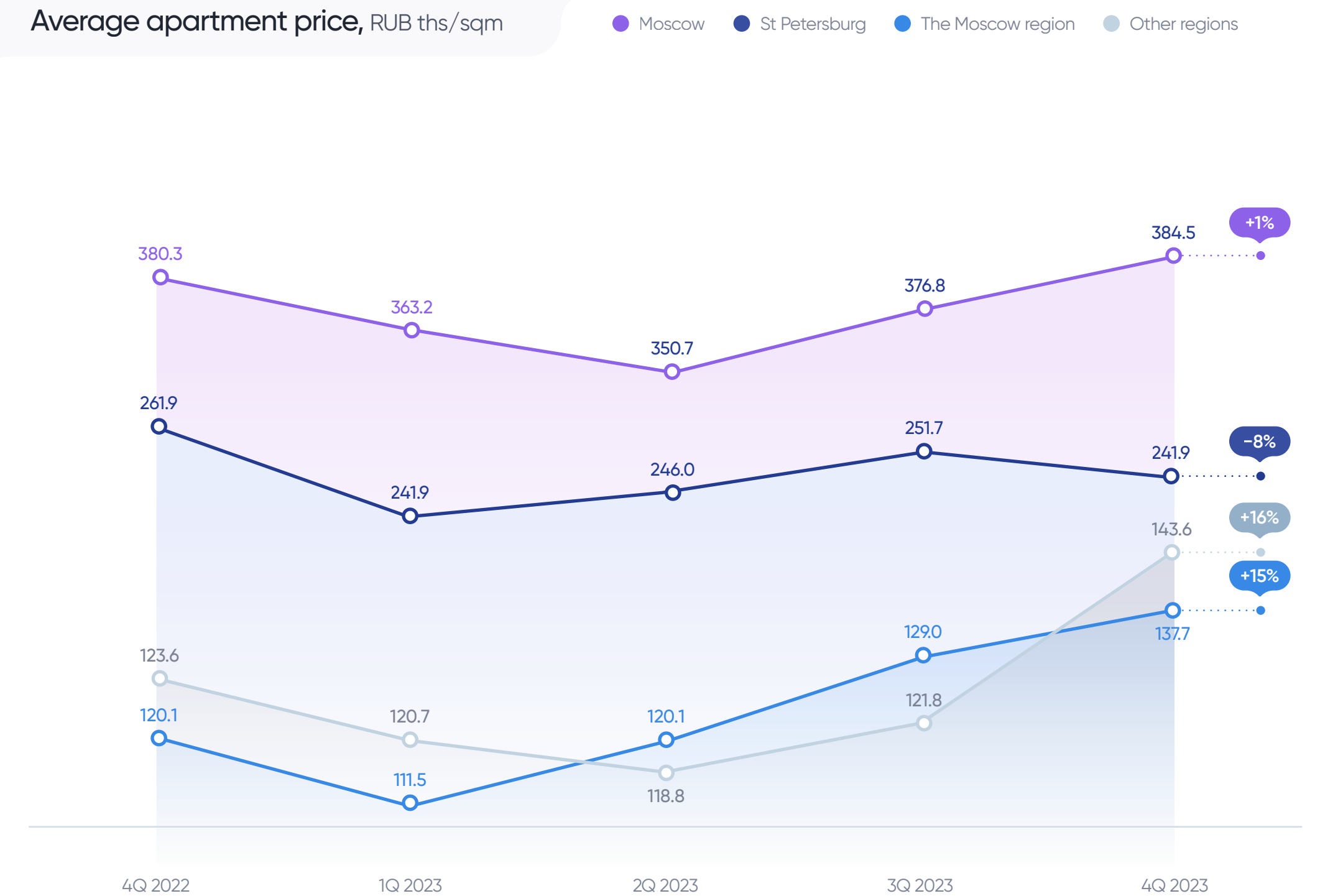
77%

share of sales financed by a mortgage in 4Q 2023

The sharp increase in the key rate, the subsequent increase in mortgage rates in the second half of the year and the impact of preferential mortgage programmes are encouraging buyers to purchase homes in the primary market, which means that mortgages remain one of the the main sales drivers for Etalon Group, and the movement of buyers from the secondary market, in turn, could provide strong support for the Company's sales in 2024.

2023 was the best year in the Company's history when it comes to sales. Portfolio expansion, a more affordable product and the launch of sales at new projects and project phases drove rapid growth and created the conditions necessary to maintain high growth rates in the future.

Average apartment price, RUB ths/sqm



Financial results

Our consolidated revenue amounted to RUB 88.8 billion in 2023, an increase of 10% year-on-year. Despite the early stage of our regional expansion, we have seen robust performance gains at our regional projects, whose contribution to revenue and gross profit more than tripled.

88.8 RUB BLN

Revenue
+10% year-on-year

Strong sales in 2023 drove double-digit revenue growth to a record level in the reporting year

11.6 RUB BLN

Development revenue in regional markets
+236% year-on-year

Thanks to active regional expansion, regional projects are making a much more significant contribution to the Company's financial performance

31.3 RUB BLN

Pre-PPA, gross profit
+2% year-on-year

Record-high gross profit

39%

Pre-PPA gross profit margin in the Company's core segment, residential development

A successful pricing policy and cost management enabled the Company to keep its gross profit margin above its strategic target of 35%

1.9x

Comfortable financial position

The ratio of net corporate debt to pre-PPA EBITDA is within the target range of 2x–3x

18.1 RUB BLN

EBITDA
+10% year-on-year

Higher volumes and cost controls drove double-digit EBITDA growth

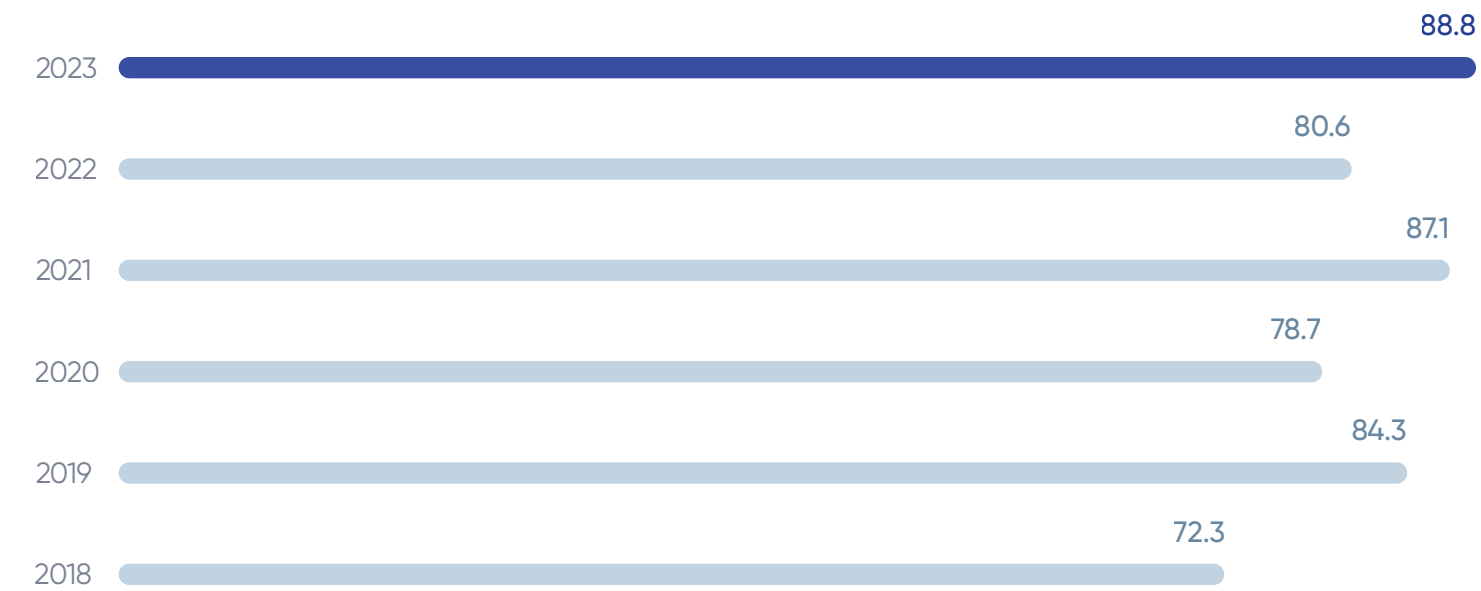


Earnings and expenses

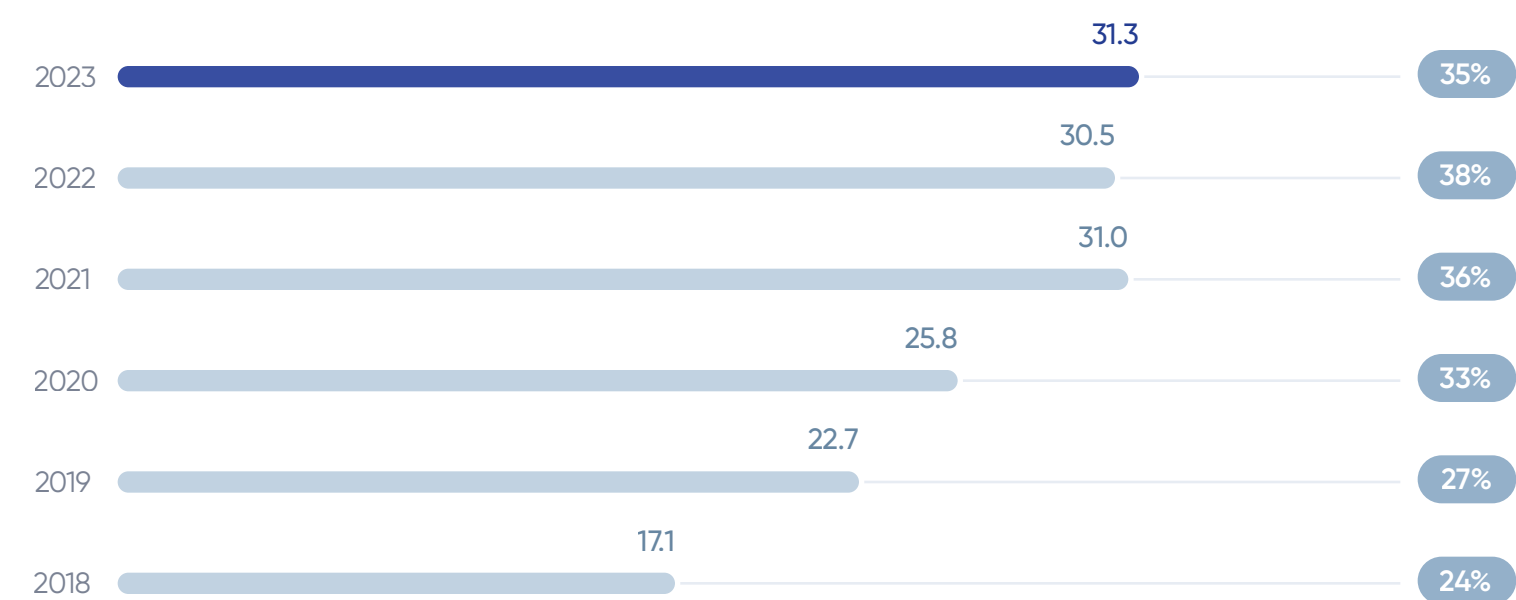
The industry faced pressure from considerable rate increases in 2023. Nonetheless, our revenue for the year reached a record RUB 88.8 billion, up 10% from the previous year. Facing a tighter monetary policy from the Bank of Russia, we worked intensively on our offer for homebuyers, which drove an increase in sales and boosted revenue in our core segment to RUB 78 billion, a 13% year-on-year increase.

We entered an investment phase in our development associated with the rapid expansion of our geographic footprint and the consolidation of our leading positions in regional markets. Having launched projects in all our new regions in 2023, we became a truly nationwide player. Thanks to a more than threefold increase in gross profit in regional markets, our consolidated pre-PPA gross profit reached a record RUB 31.3 billion, with a margin of 35%, in strict accordance with our strategic goals.

Revenue, RUB bln



Pre-PPA gross profit, RUB bln

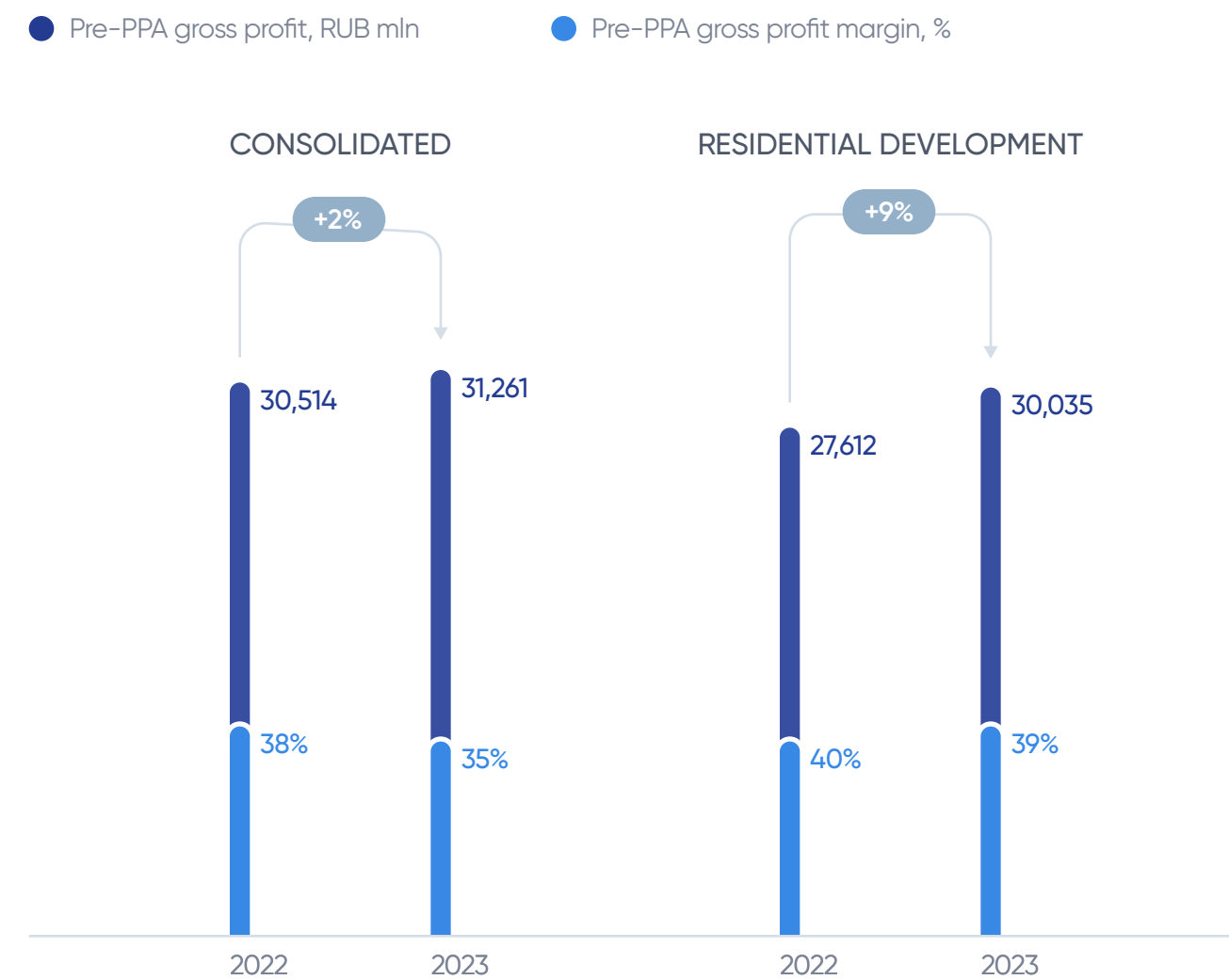


Earnings and expenses

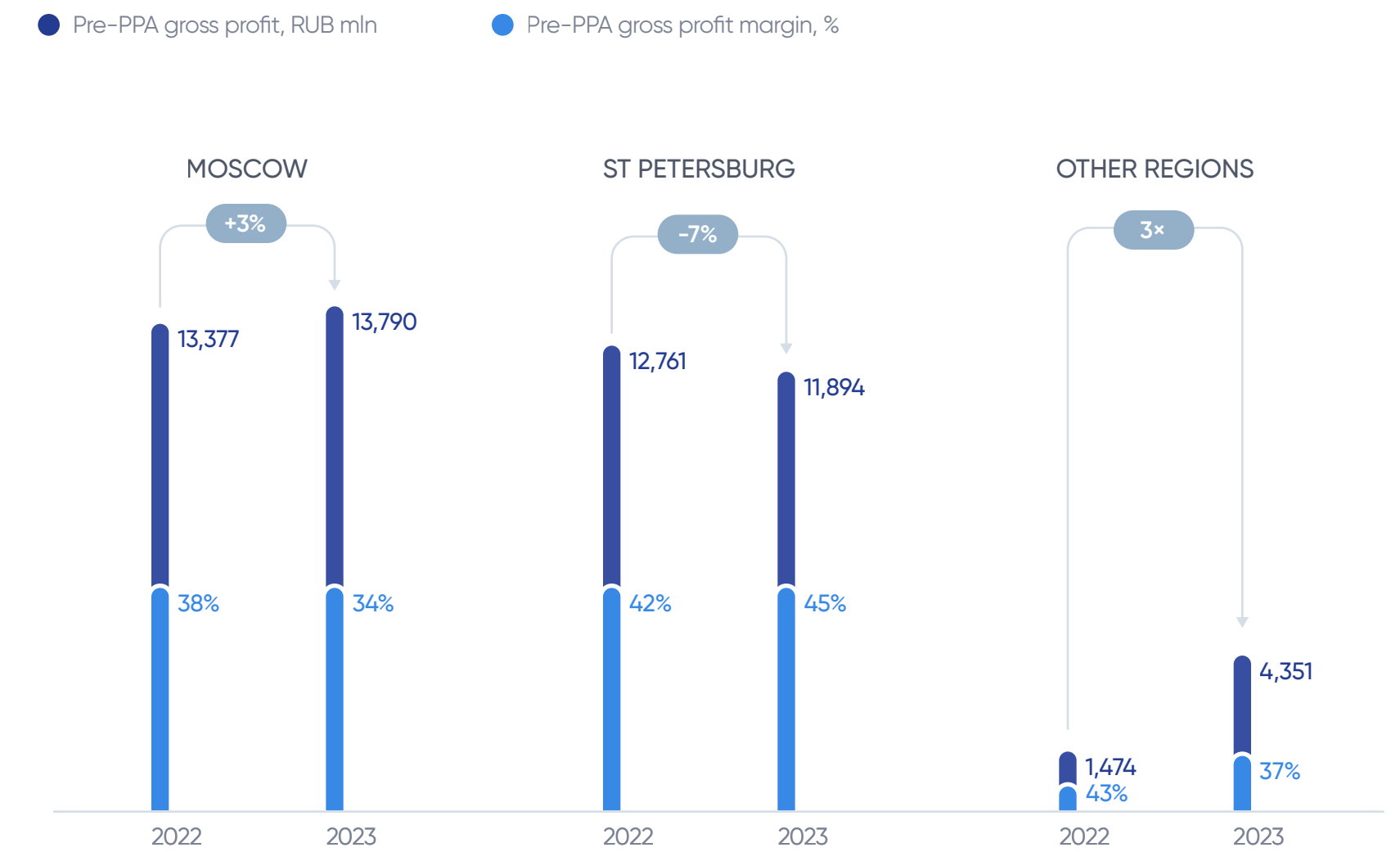
In our core segment, residential real estate development, pre-PPA gross profit rose 9% for the year to RUB 30.0 billion, while the profit margin remained at the extremely high level of 39%, thanks to our sound pricing policy and efforts to control construction costs.

Our profit margin remained at the target level of 35%, reaching 39% in the residential development segment. Our gross margin in regional markets exceeded 37%

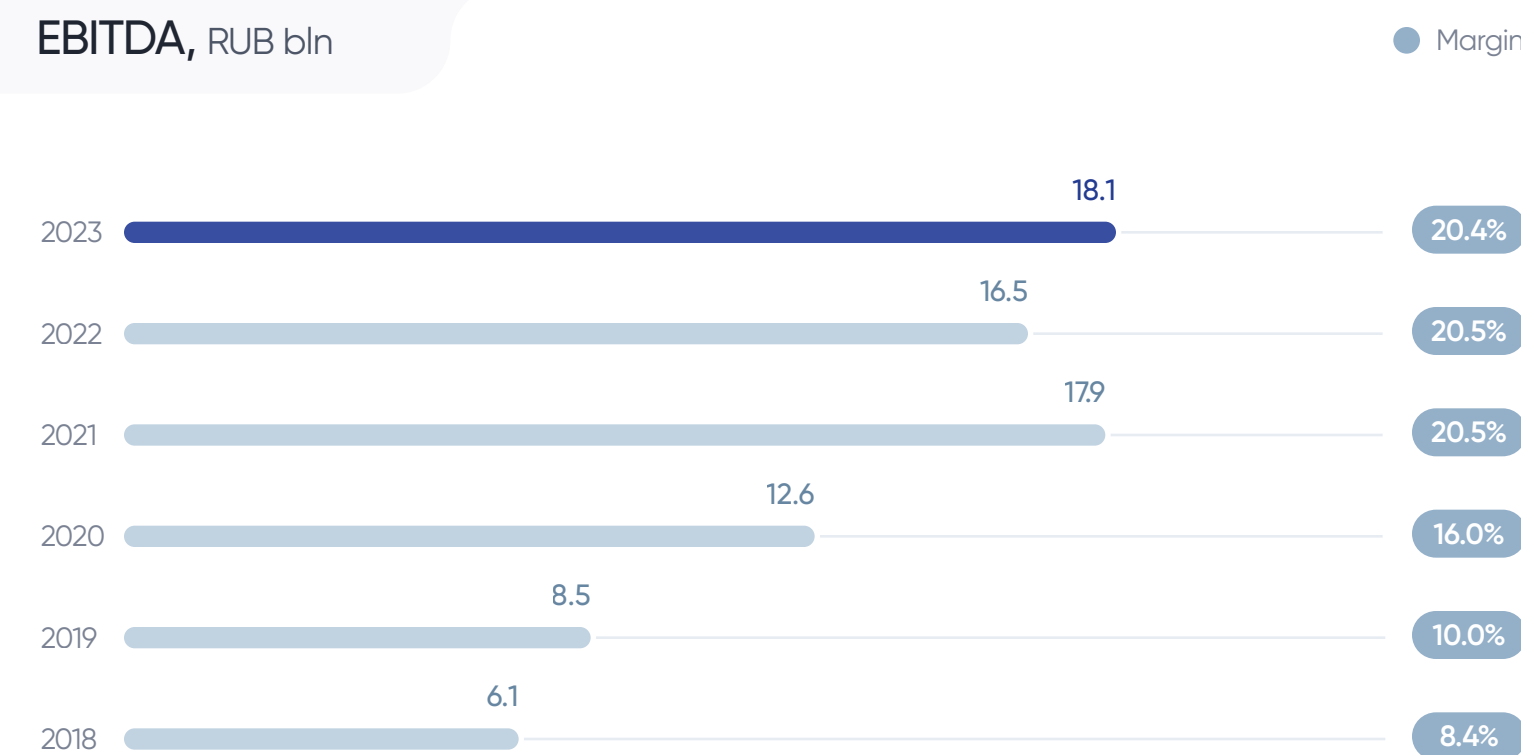
Pre-PPA, gross profit



Pre-PPA¹ residential development gross profit



EBITDA, RUB bln



EBITDA reached RUB 18.1 billion, an increase of 10% year-on-year. The EBITDA compound annual growth rate (CAGR) over the last five years is at the high level of 20%. Despite investments associated with our expansion into new regions, our EBITDA margin remained flat year-on-year, at 20.4%.

The Company's net profit, which amounted to RUB 3.4 billion, faced pressure from rising financial expenses due to an increase in the Bank of Russia's key rate and one-time expenditures for social obligations.

¹ Purchase price allocation.

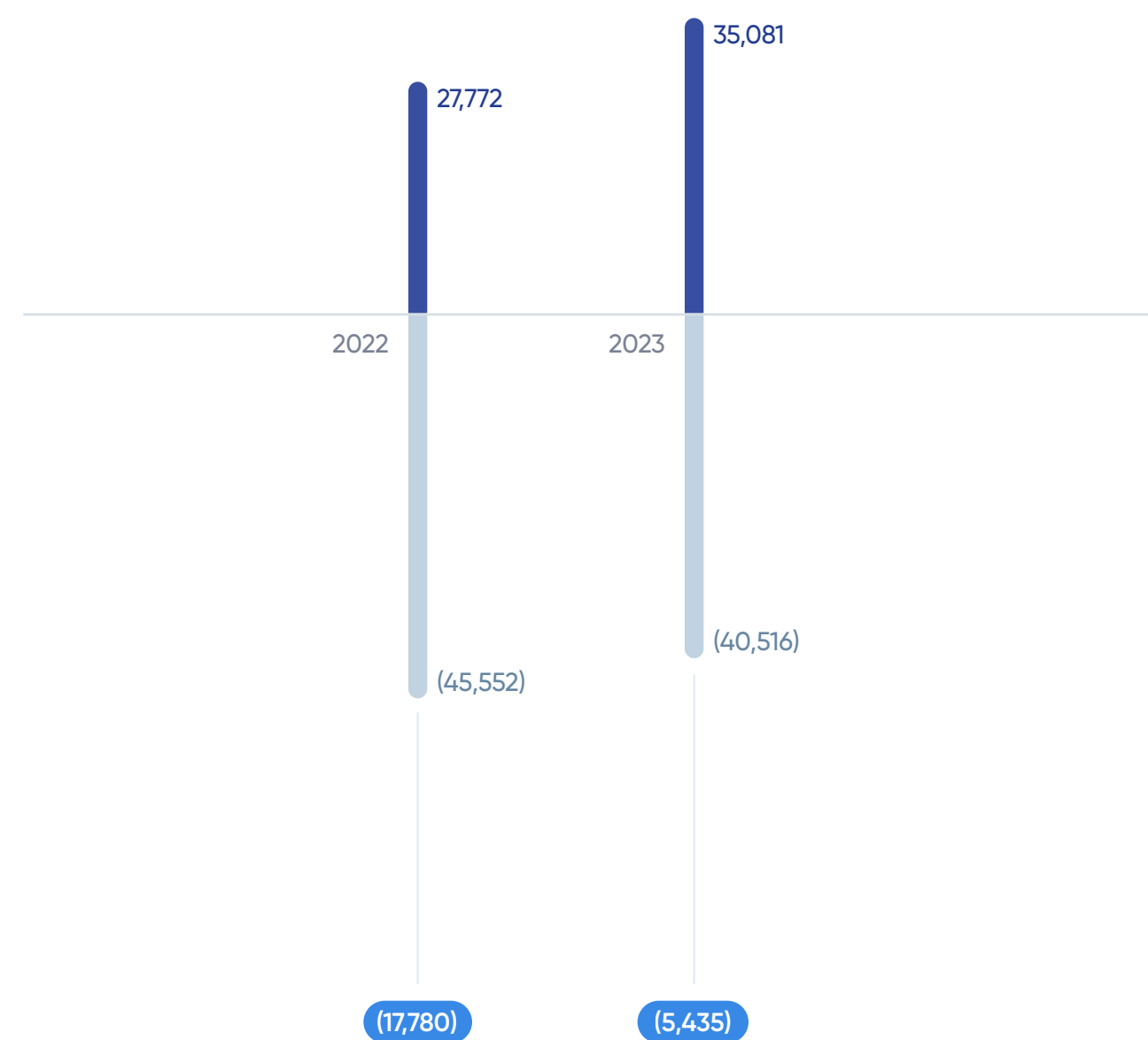
Cash flows

Substantial capital investments are an inherent part of aggressive business growth, which, amid high interest rates, puts temporary pressure on cash flow. At the same time, we expect regional expansion to enable us to increase business volumes severalfold in the coming years and to gain a leading position in regional markets, while lower rates in the medium term together with reduced overhead costs and increased efficiency will enable us to achieve higher margins.

Changes in cash flow reflect the investment phase of the Company's development

Operating cash flow,¹ RUB mln

- Cash collections in escrow accounts (new balance) and repayments of project financing offset against funds released from escrow accounts
- Operating cash flow (OCF) less interest paid
- Operating cash flow (OCF) less interest paid and adjusted for cash in escrow accounts and repayments of project financing offset against funds released from escrow accounts



Free cash flow,¹ RUB mln

- Cash collections in escrow accounts (new balance) and repayments of project financing offset against funds released from escrow accounts
- Free cash flow (FCF)²
- Operating cash flow (OCF) less interest paid and adjusted for cash in escrow accounts and repayments of project financing offset against funds released from escrow accounts



¹ Including cash collections in escrow for the period.

² Free cash flow is calculated as net profit for the period adjusted for depreciation, share-based payments, impairments, interest, taxes, changes in working capital and changes in invested capital.



Source: IFRS financial statements; changes calculated without rounding.

Balance sheet

We maintained a strong financial position during the reporting year. As of 31 December 2023, funds in escrow had increased to RUB 77.4 billion (up 28% year-on-year), which enables us to borrow for project financing at a reduced rate of 4%–5% even in the face of an increase in the Bank of Russia's key rate. The rate on our loan portfolio as a whole during the reporting period was affected by the increase in the Bank of Russia's key rate. The weighted average cost to service our debt portfolio was 8.7% as of the end of 2023. In addition to a Bank of Russia rate cut, we expect a significant reduction in the cost to service our loans.

Our ratio of net corporate debt to pre-PPA EBITDA was 1.9x – within the target range of 2x–3x.

Our debt obligations remain fully denominated in roubles, and owing to our sufficient liquidity reserves and the terms of our existing loan agreements, we are able, even in an environment of rising interest rates, to maintain a comfortable average rate on our loan portfolio, thereby ensuring the fulfilment of our obligations to our creditors, partners and customers. At the same time, we have a strong financial position that enables us to implement strategic programmes in key areas, thus ensuring that we are able to expand our business as planned in our new regions of operations.

Sustainability

/10

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Introduction

In the context of current global environmental and social challenges, it is more important than ever for businesses to meet high standards when it comes to sustainability. Etalon Group is committed not only to meeting these standards but also to integrating sustainability principles more and more every year at all stages of its operations.

This process includes comprehensive measures aimed at minimising the Company's negative impact on the environment, taking on greater social responsibility and improving its corporate governance system. Etalon Group works hard to create a comfortable urban environment, paying special attention to the well-being and interests of all stakeholders, including employees, customers, partners and local communities.

Reporting principles and framework

In this section of the report, the Company provides a brief overview of its ESG performance in 2023 and early 2024. More detailed information on Etalon Group's ESG activities is presented in a separate sustainability report, which is available on the Company's website.

In preparing this report, we relied on the principles and standards recommended by the Global Reporting Initiative's sustainability reporting guidelines. In determining the report's content, the principles of materiality, stakeholder coverage, completeness and sustainability context were used.

The report presents metrics that encompass the entire range of Etalon Group's activities.

The financial indicators included in the report are sourced from the Company's consolidated IFRS financial statements. Information regarding Company personnel is based on internal records, while statistics on occupational health and safety and environmental protection as well as other non-financial information are based on the Company's internal data or information submitted by contractors.

For questions relating to this section of the report and the data presented in it, please contact the Investor Relations and ESG Department: esg@etalongroup.com

Disclosure standards

In preparing the report, the Global Reporting Initiative Standards (GRI Standards) and individual SASB Real Estate and SASB Homebuilders Standards (SASB Standards) were used as guidance.

For more detailed information, references to the disclosure standards are provided in the Appendix.

UN Sustainable Development Goals

When making disclosures, we continue to be guided by the UN Sustainable Development Goals (SDGs) to 2030. The UN agenda and global goals serve as an additional tool to ensure that our business strategy is in line with the long-term development trajectory in the regions where we operate and also with the values of society. They also help us improve business processes and incorporate innovations for the sustainability of our business and local communities.

Etalon Group PLC's current ESG Policy sets out five key SDGs that are in line with the Company's operations and its ability to achieve them:

- Good health and well-being
- Industry, innovation and infrastructure
- Sustainable cities and communities
- Responsible consumption and production
- Climate action

The SDGs that we focus on may change as we refine our strategy in the area of corporate and social responsibility and as specific measurable targets are established.

Our current sustainability goals and plans to expand our ESG practices are listed in Etalon Group PLC's ESG Policy, which is available on our [website](#).

Etalon Group's key Sustainable Development Goals under:

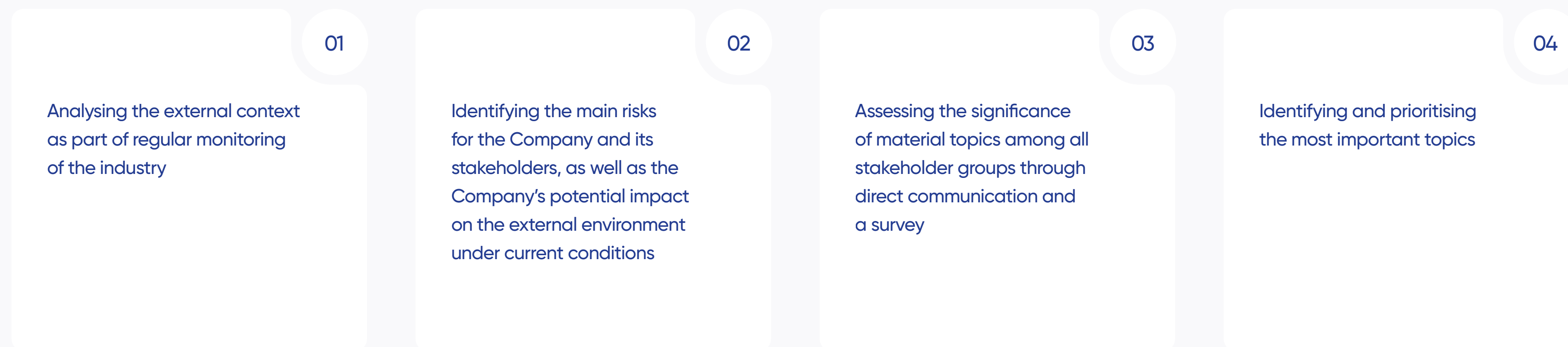


Material topics covered in the report

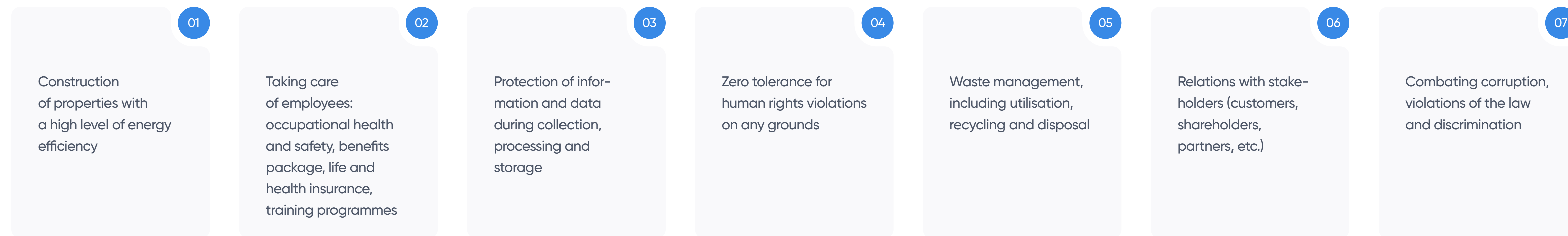
In identifying material topics, we relied on the results of a stakeholder survey, an analysis of current market conditions and our activities during the reporting year.

This kind of integrated approach enabled us to identify problem areas and opportunities for us to grow as an employer, a partner and an issuer. By conducting our first-ever wide-ranging survey among investors, employees, contractors and other stakeholders, we were able to take everyone's opinion into account and identify the most important topics.

IDENTIFICATION OF MATERIAL TOPICS



Material topics



Sustainability management

Etalon Group’s sustainability management system is based on adherence to high standards of corporate governance, environmental protection and the prioritisation of the long-term development goals of its business and society.

The Company supports the UN Sustainable Development Goals and adheres to the principles enshrined in the Universal Declaration of Human Rights and to a policy aimed at preventing any form of discrimination, fraud and violations of the rules of fair competition.

Some of Etalon Group’s standards and policies are publicly available on the [Company’s website](#).

Strategic issues relating to sustainability come under the purview of Etalon Group’s Board of Directors. The Investor Relations and Information Disclosure Committee is responsible for ESG issues.

Operational management of the Company as a whole, including in this area, is the responsibility of the CEO and his deputies in the corresponding areas of business development. At the level of ESG-related operational processes, the coordinating body is the Corporate Investment and Strategy Division, which includes the Investor Relations and ESG Department. The implementation of policies and processes relating to corporate social responsibility within Etalon Group and individual subsidiaries – including issues of monitoring compliance with anti-corruption laws and internal policies, personnel management, procurement, environmental issues, etc. – fall under the purview of the responsible divisions and departments.

In addition, Etalon Group operates a single hotline for matters relating to corruption, fraud and violations of corporate ethics, which serves as an additional tool for monitoring and compliance with legal requirements and internal corporate policies.

The principles of sustainability management are reflected in the following Company standards and policies:

- | | |
|--|--|
| <ul style="list-style-type: none"> 01 Etalon Group PLC ESG Policy | <ul style="list-style-type: none"> 06 Policy on Remuneration of Members of the Board of Directors of Etalon Group PLC |
| <ul style="list-style-type: none"> 02 Etalon Group Code of Corporate Ethics | <ul style="list-style-type: none"> 07 Regulation on Etalon Group PLC Committees |
| <ul style="list-style-type: none"> 03 Etalon Group Anti-corruption Policy | <ul style="list-style-type: none"> 08 Etalon Group PLC Management Policy |
| <ul style="list-style-type: none"> 04 Regulation on Conducting Tenders within Etalon Group, including the Supplier’s Code | <ul style="list-style-type: none"> 09 Etalon Group PLC Disclosure Policy |
| <ul style="list-style-type: none"> 05 Etalon Group Occupational Health and Safety Policy | <ul style="list-style-type: none"> 10 Regulation on the Corporate Secretary of Etalon Group PLC |



Etalon Group's contribution to the achievement of the UN Sustainable Development Goals

UN SUSTAINABLE DEVELOPMENT GOALS

OBJECTIVES OF THE UN SDGS



- Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.
- Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.
- Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

ETALON GROUP'S CONTRIBUTION TO THE ACHIEVEMENT OF THE SDGS

- In 2023, Etalon Group delivered one school and three preschools
- Construction of a modular production facility in the Leningrad region

2024 Strategy

Social responsibility



- By 2030, ensure access for all to adequate, safe and affordable housing and basic services
- By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage.
- By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- Etalon Group delivered 417 ths sqm in 2023
- 65% of the Group's current projects are being built in the mass-market segment
- In 2023, a new cultural project, Mitki Museum, was launched with the Company's support. The purpose of the project is to preserve the memory of the site of the Leningrad Youth Palace

Operating results

Project portfolio

Social responsibility

Environment



- By 2030, achieve the sustainable management and efficient use of natural resources.
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

- In 2023, the Company did not produce hazardous waste in classes 1–3
- The Company has been publishing a stand-alone Sustainability Report since 2022.

Environment

Stand-alone Sustainability Report

REPORT SECTION

Stakeholder engagement

Adhering to its strategy and ambitious goal of becoming the leader in the Russian development market, Etalon Group is aware of its responsibility to all stakeholder groups. The Company maintains open dialogue with all stakeholders, including customers, partners, employees, shareholders, government agencies and local communities. The Company's strategy takes into account the interests and expectations of these stakeholder groups, which enables it to create long-term value at every stage of development.

Fundamental approach to stakeholder engagement

01

Stakeholder identification

Identifying key stakeholder groups that may be affected by the Company's operations, including customers, partners, employees, shareholders, government authorities and local communities

02

Analysis of interests and expectations

Studying the needs, priorities and expectations of every stakeholder group

03

Establishment of communication channels

Creating effective communication channels for interaction with various stakeholders, such as meetings, conferences, e-mail, social networks, etc.

04

Open dialogue and feedback

Maintaining an ongoing open dialogue with stakeholders and taking their opinions, suggestions and feedback into account

05

Integration of interests into the Company's strategy

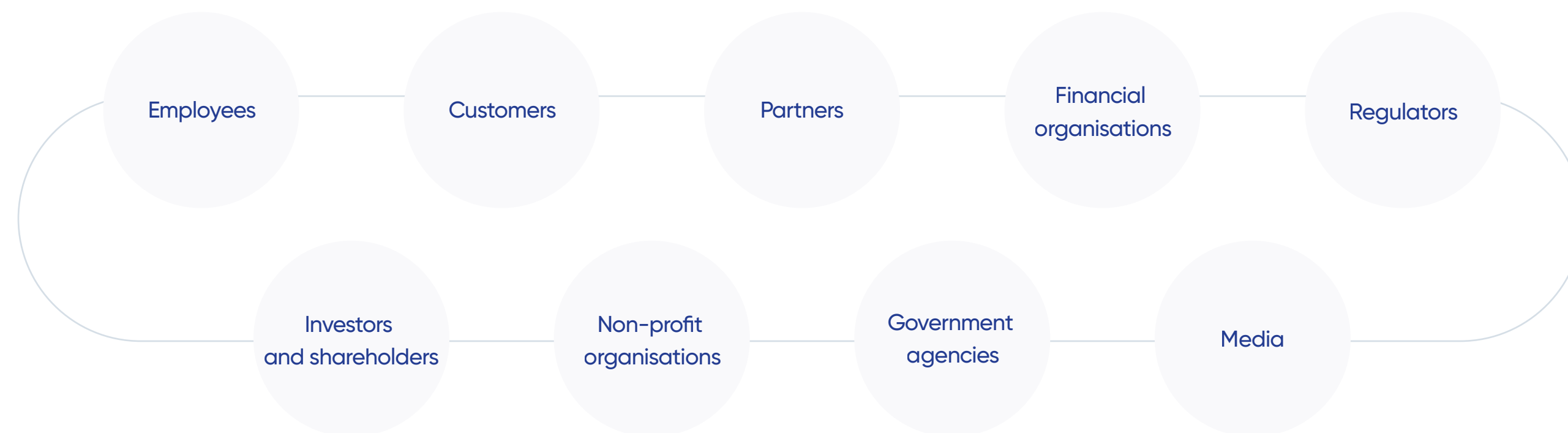
Taking into account the interests and expectations of various stakeholders in the development and implementation of the Company's strategy

06

Regular updates and assessment

Periodically updating the Company's strategy in accordance with stakeholders' changing interests and an assessment of the impact of interaction

Stakeholders:



Key principles of stakeholder engagement:



Transparency

Ensuring that information about the Company's operations is open and accessible to all stakeholders



Bilateral dialogue

Supporting an active exchange of views, ideas and feedback between the Company and its stakeholders



Participation and engagement

Encouraging stakeholders to take part in the Company's decision-making processes and its development



Taking interests into account

Communicating with various stakeholder groups and taking their interests into account when developing a strategy and taking decisions



Social responsibility

Conducting business in a responsible manner and paying attention to social and environmental issues in the implementation of development projects and the arrangement of ongoing processes within the Company



Alignment with objectives

Engaging with stakeholders in a way that is in accordance with the Company's overall goals and strategic development



Constant improvement

Constantly improving communication mechanisms and adapting to changing conditions and stakeholder needs



Our goal

Is to create long-term value for stakeholders at every stage of the project life cycle

Customers

Key engagement issues:

- analysing customer needs and developing our product
- Raising awareness of our product
- receiving and analysing feedback from buyers
- improving the customer experience at every stage of engagement
- expanding our customer base and increasing the percentage of repeat purchases
- increasing loyalty to the Etalon Group brand

Means and frequency of communication:

Continuous:

- streamlining our communications strategy and developing precise targeting methods
- personalising communication channels and offers for customers that take into account their individual preferences
- communicating with customers through the hotline and social networks, and providing prompt, effective responses to their concerns
- using advanced visualisation technologies, including virtual reality, and developing mobile apps to improve the customer's access to services

Development of digital means of communication

- creating a single site for Etalon Group sales that aggregates the individual sites of the Company's residential complexes
- adding a voice assistant – an automated call distribution system – to the call centre
- introducing personal accounts for buyers (enabling them to choose, reserve and pay for an apartment) in the management company's mobile app in order to combine the Group's services in one place

>1,000 CALLS

are received, evaluated and distributed from customers and partners every day that are transferred to specialised staff or handled entirely by the automated system if the caller requests standard information

Etalon Group's official accounts on social networks



Etalon Group feedback form

<https://old.etalongroup.ru/spb/hotline>

Mobile app with personal accounts for purchasing real estate and with services for residents provided by the management company



2023 RESULTS

17%

percentage of sales made to repeat customers

0.23%

lost call rate versus 0.76% in 2022

9.9/10

customer satisfaction index²

¹ Analysis of the Etalon Group based on a customer survey.

Business partners and suppliers

Key engagement issues

- mutually beneficial cooperation
- supply chain optimisation
- a responsible approach to conducting business
- innovative development
- risk reduction

Corporate ethics

- anti-corruption clause in contractual documents with counterparties

Internal documents

- Code of Corporate Ethics
- Regulation on Conducting Tenders and the Supplier Code
- Anti-corruption and Antitrust Policy
- Procurement Regulation (developed and approved in 2023)
- Supplier's Code of Ethics (new version issued in 2023)
- Contractor's Code of Ethics (new version issued in 2023)

Means and frequency of communication

Continuous:

- developing and improving policies, and publishing tender schedules to ensure that information is transparent and accessible
- incorporating digital solutions to create platforms for engaging new partners and increasing operational synergies
- applying and disseminating BIM-based technologies to find optimal solutions as well as to control quality and monitor deadlines at every stage of project implementation
- sharing experiences and best practices, and establishing partnerships for joint development and to achieve shared industry goals

Partner portal

ETALON
PRO

<https://etalon.pro> 

Completion of supply chain digitalisation

- thanks to the installation of specialised software that automatically processes applications to supply materials, the Company was able to convert 100% of said applications into electronic form in all eight regions where it operates
- implementation of a project to automate procurement procedures using 1C software

+21%

increase in the speed of application processing



Digitalisation of the entire procurement cycle, from the issuance of project documentation to the conclusion of a contract with the winner

Etalon Group hotline

hotline@etalongroup.com

8 800 300 81 03

2023 RESULTS

+330

new suppliers
+56% year-on-year

2,802

counterparties in the register of accredited suppliers
+60% year-on-year

100%

of applications for the supply of materials are processed through an automated procurement system
versus 81.4% in 2022

Shareholders, investors and analysts

Key engagement issues

- Etalon Group's investment case
- Company strategy
- financial and operating results
- the Company's activities in capital markets
- exercise of shareholder rights

Website for shareholders in Russian and English along with a feedback form

<https://www.etalongroup.com> 

IR contacts for investors and shareholders

ir@etalongroup.com 

Means and frequency of communication

Continuous:

- publishing key Group news, taking part in conferences, holding meetings and conference calls with investors and analysts

Quarterly:

- publishing operating results

Semi-annually:

- publishing the Group's financial results

Annually:

- publishing the Company's Annual Report

Employees

Key engagement issues

- a safe and healthy working environment
- respect for human rights, equal opportunities and inclusion
- recruiting, training and retaining qualified professionals
- ensuring that employees are aware of the Company's strategy and goals
- fair remuneration

Means and frequency of communication

Continuous:

- implementing an anti-discrimination policy and protecting human rights in accordance with Etalon Group's Code of Corporate Ethics and legal regulations
- disseminating key information via the corporate intranet and e-mail
- responding to questions from employees submitted using the electronic form in the HR section of the internal portal

Annually:

- identifying needs and planning training
- employee satisfaction survey, performance feedback and career planning
- "Dialogue with the President" project, which gives all employees a chance to ask the Company's top executives questions

2023 RESULTS

30 PRESS RELEASES

published

4 WEBINARS

held for private investors

3 OFFLINE CONFERENCES

for private investors attended by Etalon Group's IR team

2023 RESULTS

>100

questions submitted as part of the "Dialogue with the President" project

76%

employee engagement rate

1,249

employees took part in an employee satisfaction and engagement survey

325 RELEASES

about Company news on the corporate portal
+48% year-on-year

Government agencies

Key engagement issues

- minimising the Company's negative environmental impact
- ensuring that the Company's operations comply with legal regulations
- technological development of the industry
- tax payments
- facilitating the development of amenities and social infrastructure

Means and frequency of communication

Constantly:

- providing government agencies with financial and operational reports
- communicating on issues relating to construction permits, compliance with standards and urban-planning regulations
- taking part in construction industry working groups, round tables and commissions

Local communities

Key engagement issues

- creating jobs and improving quality of life in the Company's regions of operations
- building social infrastructure and amenities and developing human capital
- organising activities for local communities
- ensuring that employees are aware of the Company's strategy and goals
- fair remuneration

Means and frequency of communication

Continuous:

- investing in developing the cities where we operate: building social infrastructure and amenities, restoring historical monuments, supporting and organising cultural and sporting events as well as charitable programmes, collaborating with universities
- developing formalised approaches and policies to ensure sustainability and responsible business practices
- publishing press releases and interviews
- maintaining effective communication channels with leading regional media
- visiting construction sites, giving presentations and arranging events for journalists covering our operations

2023 RESULTS

4.5 RUB BLN

in corporate income tax paid

>25 THS SQM

of social infrastructure and amenities delivered

1,055 PUPILS

design capacity of new schools and preschools

2023 RESULTS

92 EVENTS

supported by the Company versus 20 events in 2022

18,193

mentions in the media +14% year-on-year

1,868

mentions of our ESG agenda

Occupational health and safety

Our top priority is the health and safety of our employees. We closely monitor compliance with occupational health and safety (OHS) requirements on a regular basis and constantly improve our security procedures to avoid accidents at our facilities.

Occupational health and safety policy

When it comes to occupational health and safety, Etalon Group is guided by applicable laws and best practices employed by Russian and international companies. When carrying out its operations, the Company ensures workplace safety in order to minimise the risks of injury and protect the health of both its own personnel and the employees of contractors.

Etalon Group is guided by its own internal standards and policies based on Russian OHS laws:

- Regulation on the Occupational Health and Safety Management System at Etalon Group
- Methodology for Determining the Safety Index at Etalon Group Construction Sites
- Methodology for Monitoring Fire Safety at Temporary Construction Camps at Etalon Group Construction Sites and for Determining the Fire Safety Index
- Procedure for the Authorisation and Monitoring of Contractors for the Performance of Construction and Installation Works at Etalon Group Facilities
- Rules and Regulations for Providing the Company's Employees with Personal Protective Equipment (PPE) and First-Aid Equipment

Etalon Group's occupational health and safety policy is based on the following:

- the unquestioned priority of protecting the life and health of employees
- strict compliance with applicable laws specifying the requirements for occupational health and safety, and facilitating state oversight and monitoring of compliance with OHS requirements
- targeted monitoring and assessment of working conditions, including additional multistage monitoring of workplace safety and the development of OHS measures
- providing PPE for employees at construction sites
- arranging OHS training and medical examinations for employees working in hazardous and/or harmful working conditions
- protecting the legitimate interests of employees injured in workplace accidents as well as the interests of their family members

Occupational health and safety system

05

Steps for improvement

The Group constantly analyses its OHS management performance and introduces changes to make the system more effective.

01

Concept

The Company regularly develops new approaches to OHS management based on the leading global and Russian standards.

04

Assessment (oversight)

Safe and efficient operations are impossible without oversight of the processes involved in ensuring occupational health and safety: monitoring, measuring and analysing results, as well as their compliance with OHS-related laws, internal policies and approaches.

02

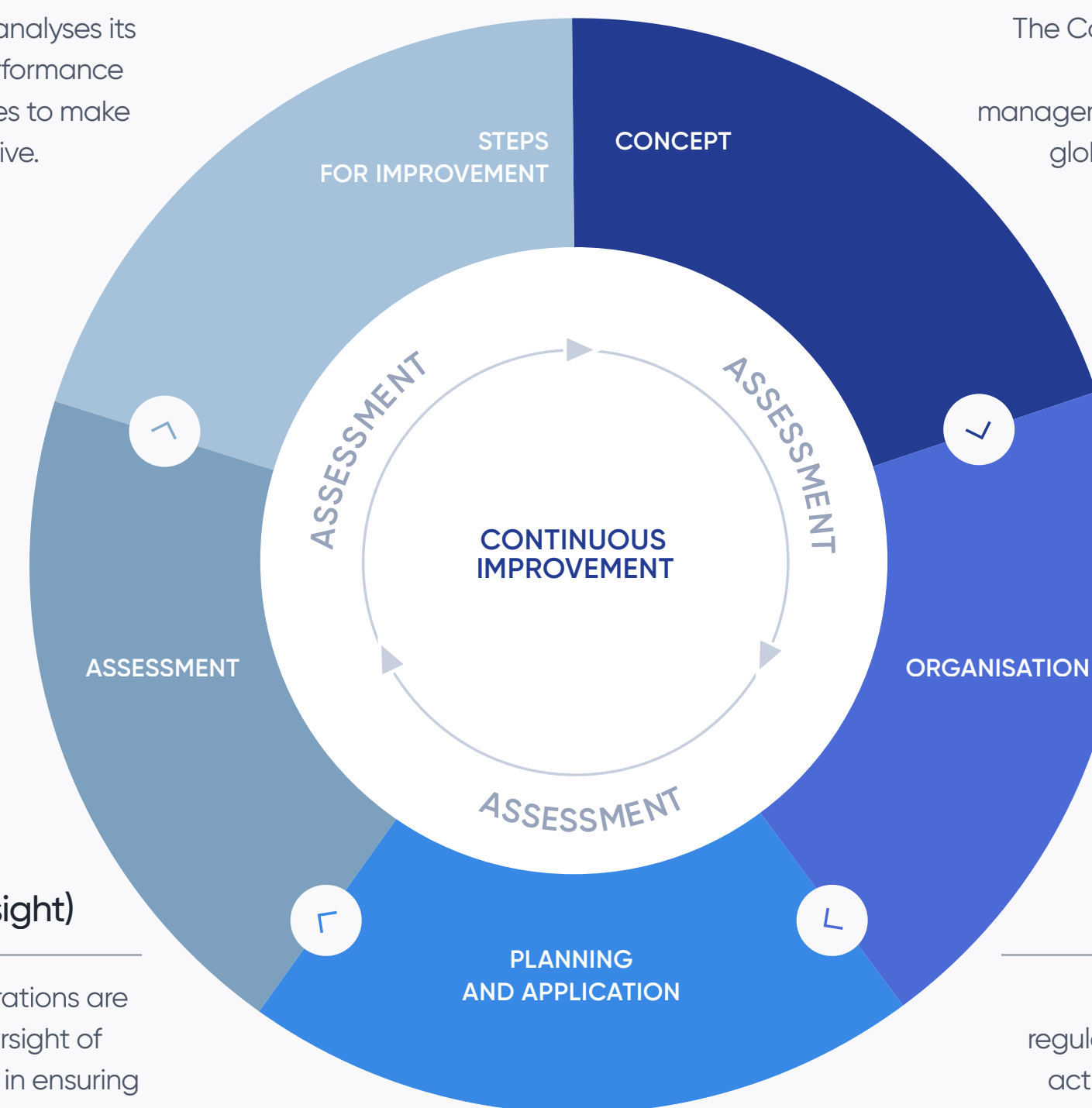
Organisation

Based on standards and regulations, the Company takes actions aimed at the creation, application and functioning of an OHS management system.

03

Planning and application

In achieving every one of its goals, the Company operates in strict compliance with its OHS concept.



Key elements of the OHS system

- personal responsibility on the part of managers for ensuring the appropriate level of occupational health and safety in their respective divisions and companies
- strict compliance with occupational health and safety requirements
- independent risk monitoring at Company facilities
- regular OHS training for employees

Main indicators of the effectiveness of the OHS system:

- the level of security and occupational health and safety at construction sites, as expressed through the safety index and risk assessments
- the accident rate at construction sites

Organisation of the OHS service

In order to ensure efficient operations, Etalon Group has established a functional OHS organisational structure as a separate element of its management hierarchy.

Contractors also operate at Etalon Group’s construction sites. In accordance with OHS regulatory requirements, general contractors are responsible for coordinating the operations of other contractors.

The main duties of staff responsible for occupational health and safety include managing activities in order to prevent occupational injuries and diseases and to comply with OHS requirements at construction sites; studying, incorporating and disseminating OHS-related best practices; conducting safety monitoring; and informing and advising employees on OHS issues.



OHS activities

Risk identification and assessment

Etalon Group identifies risks on a regular basis, especially when making changes or introducing innovations. The main risks are included in a unified register of the main hazards as well as their sources and causes. The safety index and fire safety index are used to monitor risks; monitoring results are posted on the bulletin board at every construction site.

Before starting work at a construction site, a list of preventive and oversight measures is prepared to ensure safe working conditions. Besides regular monitoring, an additional mechanism for minimising risks is for employees to inform managers or OHS specialists about risks as they are identified.

0 REPORTS

the Company did not receive any anonymous reports of violations of OHS rules and regulations in 2023

All reports submitted to OHS specialists are processed immediately. There are no penalties for submitting a report.

In accordance with their job descriptions, employees are obliged to refuse to perform any work that poses a risk to their life or their health. In such a case, the employee has to indicate in a memo to their manager the reasons for refusing to perform the work in question. There is no penalty for employees who refuse to perform work, and the manager in question is obliged to take measures to eliminate risk factors before work continues.

Equipment safety protocol

All equipment used by Etalon Group is certified in accordance with Russian law. The Company also conducts regular inspections to ensure that equipment is installed properly and serviced on a regular basis.

Preventing workplace injuries

To prevent injuries and avoid safety violations, the Company does the following:

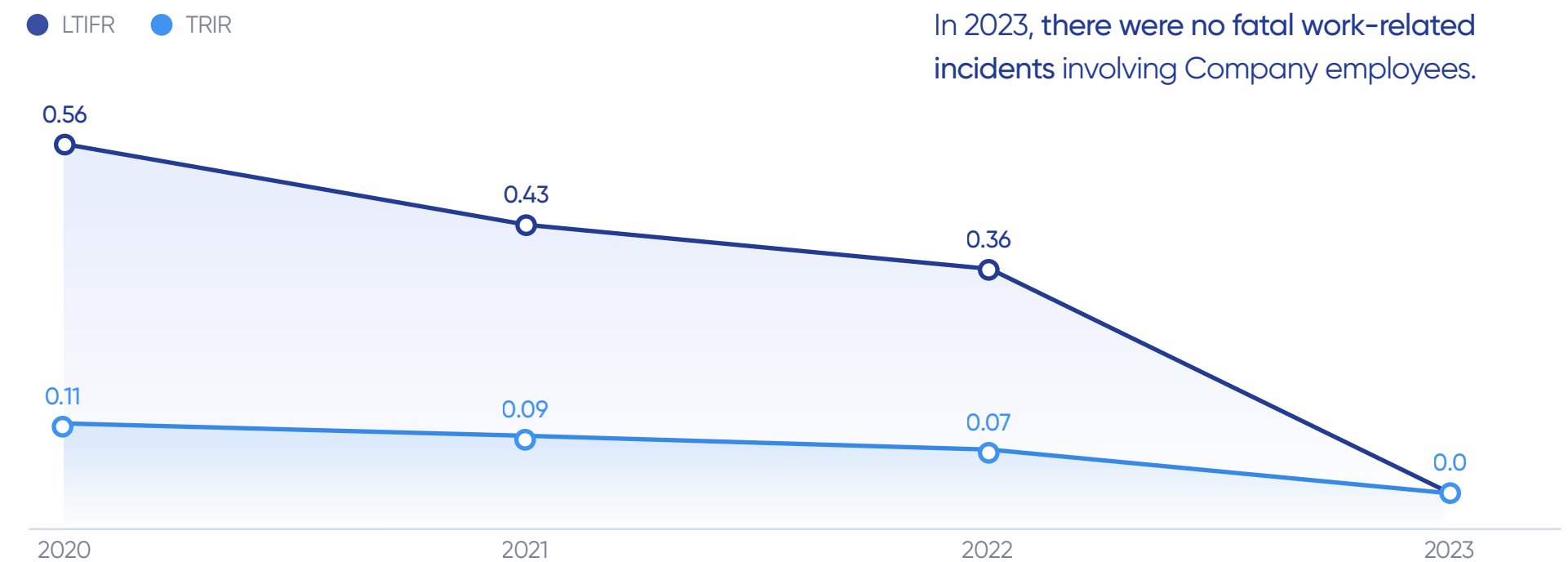
- incorporates safe production systems
- limits the amount of time that employees are in contact with harmful production factors
- regularly conducts risk analysis and safety monitoring
- provides protective clothing and other PPE to workers employed at construction sites
- conducts periodic medical examinations for employees and arranges to have a general practitioner on-site on a monthly basis

In the event of a work-related injury, an investigation is carried out in accordance with Russian law.

Rate of workplace injuries

	2021	2022	2023
Number of fatal accidents	-	-	-
Number of employees of contractors (employed at Company properties) injured as a result of work-related accidents	2	2	0
TRIR ¹	0.09	0.07	0.00
LTIFR ²	0.43	0.36	0.00
Number of registered cases of occupational diseases	-	-	-
Number of registered deaths due to occupational diseases	-	-	-

Occupational injury rates



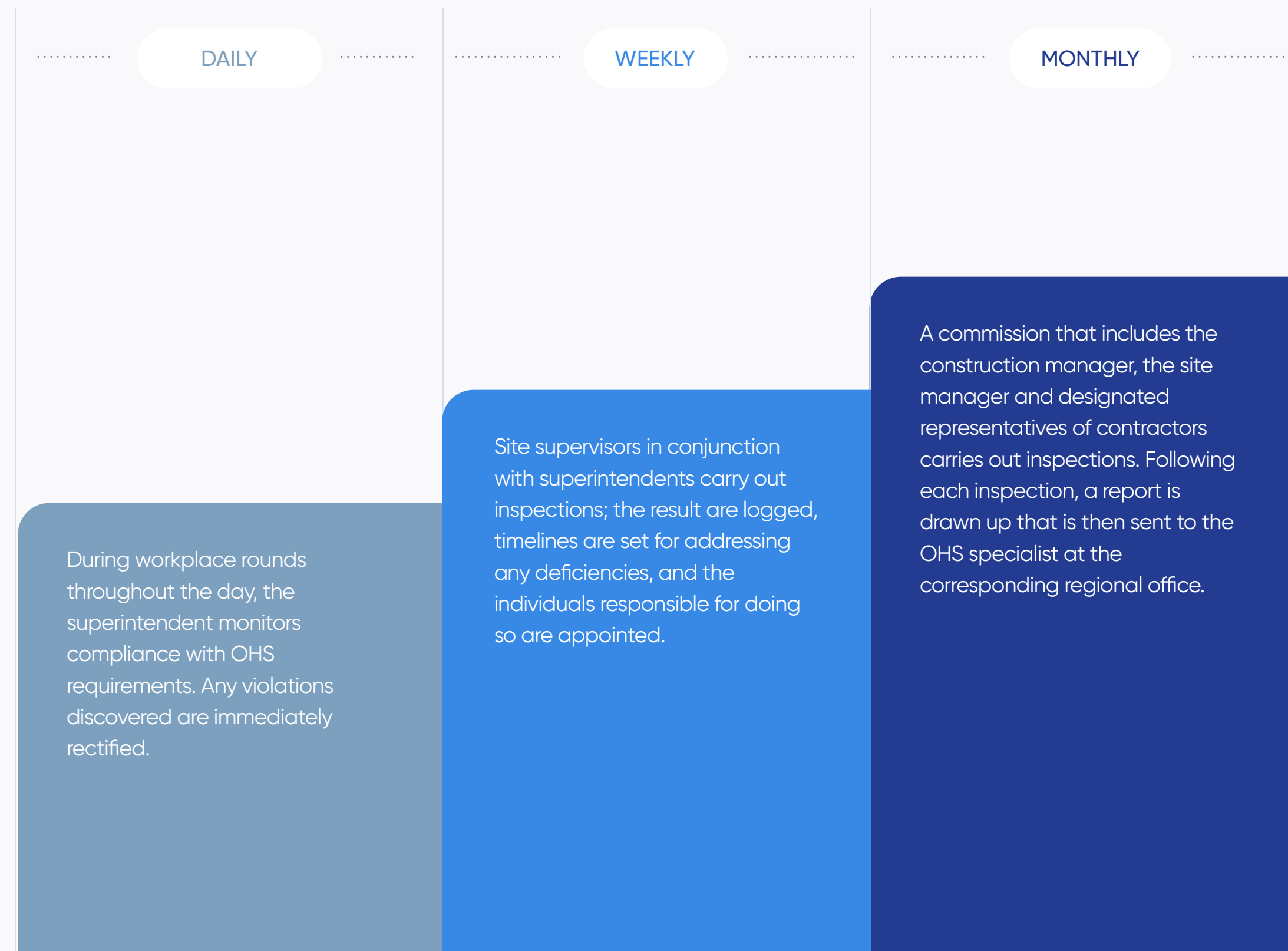
¹ The total recordable incident rate (TRIR) is the overall number of accidents * 200,000 / total number of working hours during the year.

² The lost time injury frequency rate (LTIFR) is the number of lost-time injuries occurring in the workplace * 1,000,000 / total number of hours worked by all employees.

Monitoring

- Strict rules are in place for all Etalon Group employees regarding the technical features, installation, use and dismantling of enclosing structures, scaffolding and walkways; observance of hazardous-area boundaries; and the handling of flammable materials, garbage and waste.
- In order to prevent injuries, the degree of risk – the quantitative degree of risk of a workplace accident at the property in question, as calculated in accordance with the Fine–Kinney method – is used at all construction sites. In accordance with the degree of risk identified, the Company takes the necessary measures to eliminate or minimise risks of injury.
- To monitor and maintain a high level of construction safety, the Company developed and introduced a safety index – a workplace safety monitoring system based on BIM technologies – that it continues to refine every year. The Company regularly performs independent assessments of the safety index at individual properties and of all Etalon Group construction sites in general. The safety index is also used to monitor the impact of the OHS system and the functional hierarchy for the management of OHS processes. The heads of Etalon Group’s regional divisions are responsible for monitoring.
- Etalon Group companies also undergo scheduled and spot inspections by regulatory authorities.
- Etalon Group uses a three-stage system for monitoring compliance with OHS and fire safety requirements at its construction sites.

Three-stage system for monitoring compliance with OHS and fire safety requirements:



- At each construction site, at least two employees during every shift are responsible for monitoring the collective protection measures in use as well as the fencing around hazardous areas; they make sure there are no uncovered process-oriented openings, holes or open elevator shafts on every floor of the property.
- Managers working for the project owner have the right to monitor the general contractor’s fulfilment of OHS rules and regulations as well as on-site regulations on occupational health and safety, industrial safety and fire safety.

88%

the average safety index in 2023
8 p.p. above the target level

Etalon Group requires that contractors strictly comply with industrial safety standards at construction sites and monitor their fulfilment. Before being permitted to enter a property, contractors’ compliance with OHS and fire safety requirements is assessed and verified.

Construction sites are monitored once every two weeks to determine the safety index and degree of risk, and the results of that monitoring, including photographic evidence of violations, are available to every manager concerned. Based on this data, the necessary measures are taken to correct any identified violations.

Contractors’ performance of construction and installation works is systematically monitored and inspected by OHS specialists, who issue instructions and follow up on their implementation. Start-up meetings are held where the OHS documentation provided by contractors is reviewed.

To encourage compliance with the corporate safety culture, the best construction site in terms of occupational health and safety is chosen twice a year; the winning site receives a flag that identifies it as the winner as well as a gift from Etalon Group.



3,451 HOURS

total number of hours of OHS training in 2023

Number of Etalon Group employees who took part in OHS training



Training

Etalon Group conducts regular OHS training in accordance with its established programme. The Company has a commission in place that tests the knowledge of employees, who also take exams at specialised training centres operated by Rostekhnadzor, Energonadzor and other organisations.

Every Etalon Group manager whose job involves being at construction sites (including infrequent visits, checks, inspections, etc.) must be OHS-certified in accordance with the applicable laws of the Russian Federation.

Employees are informed about occupational health and safety during OHS briefings. New employees are required to familiarise themselves with the results of a dedicated assessment of their working conditions and with their job description, including their OHS-related duties.

Employees whose job duties require compulsory training complete their training at specialised training centres, and the impact of the training is subsequently monitored by an Etalon Group commission.

Training is provided not only for Etalon Group's full-time employees but also for the personnel of contractors. In 2023, the main training topics covered were the following:

- the requirement to take OHS issues into account when performing construction and installation works
- safety index and risk assessment training

OHS training in 2023

	Number of people trained	Number of hours	Per person
MOSCOW REGION	56	882	16
Management	45	776	17
Line employees	11	106	11
ST PETERSBURG	79	1,203	15
Management	56	953	17
Line employees	23	250	11
OTHER REGIONS	86	1,366	16
Management	74	1,243	17
Line employees	12	123	10
TOTAL	221	3,451	16

Automation of OHS processes

The automation and digitalisation of all business processes, including in the area of occupational health and safety, is one of Etalon Group's strategic priorities.

Two stages of process digitalisation were carried out in 2023:

01

The Company installed 1C Prom.bezopasnost software, which is designed to monitor and keep records on the use of protective clothing and PPE as well as the completion of training, medical examinations and targeted assessments of the working conditions for every Group employee. The software is currently being tested.

02

A new version of software for keeping records on the safety index and degree of risk with expanded monitoring and oversight capabilities was prepared for testing. The software will make it possible to send employees OHS-related instructions in electronic format and to monitor the timely rectification of violations.

Environmental stewardship

Etalon Group pays special attention to environmental issues at every stage of the production cycle and promotes environmental initiatives at its completed residential complexes.

Thanks to its environmental monitoring at every stage of project implementation in all regions of operations, the Company is able to minimise its negative impact on the environment, which is confirmed by external inspections conducted by regulatory authorities.

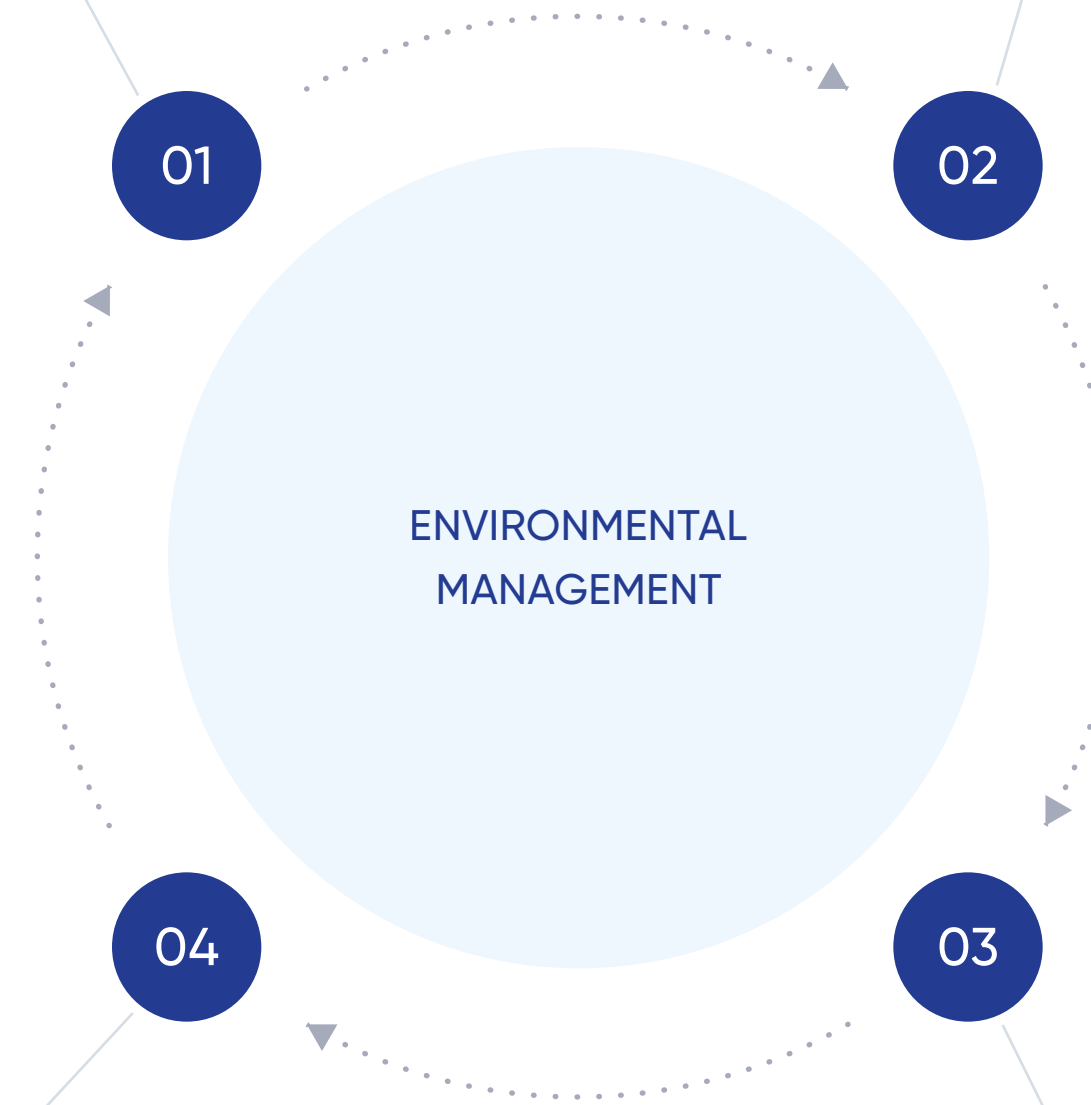
Etalon Group's approach to environmental management

Concept development

- conducting risk analysis and minimising the negative impact on the environment during the development of architectural and urban-planning concepts
- taking into account international experience and trends in the construction industry when developing solutions for environmental remediation and the construction of sustainable infrastructure, especially at former industrial sites

Design

- developing measures to reduce the anthropogenic impact on the environment, such as restoring land, averting the loss of natural resources, and preventing harmful emissions into the soil and atmosphere



Construction

- monitoring compliance with design and working documentation as well as adherence to construction schedules, which enables the Company to carry out measures to protect the environment against any possible negative impact
- restoring natural areas adjacent to large-scale integrated development projects

Responsible supply chain

- using environmentally friendly materials and equipment that are not harmful to the environment or residents
- employing an internal oversight system and a formal procedure for conducting tenders in order to select reliable suppliers and contractors

Environmental management system

Regulatory framework

- 01 Federal Law No. 7-FZ on Environmental Protection
- 02 Federal Law No. 174-FZ on Environmental Assessment
- 03 Federal Law No. 89-FZ on Production and Consumption Waste
- 04 The Land Code of the Russian Federation
- 05 The Water Code of the Russian Federation
- 06 The Forest Code of the Russian Federation
- 07 Federal Law No. 96-FZ on the Protection of the Ambient Air
- 08 SanPiN 2.2.1/2.1.1.1200-03 on Controlled-Access Zones and Sanitary Classification of Enterprises, Structures and Other Facilities
- 09 Federal Law No. 52-FZ on Sanitation and Epidemiological Safety
- 10 Presidential Decree No. 666 on Reducing Greenhouse Gas Emissions
- 11 Federal Law No. 296-FZ on Limiting Greenhouse Gas Emissions
- 12 Internal policies and job descriptions

Environmental management structure

Technical departments have been established in every region of operations that are responsible for environmental oversight. The following tasks are within the remit of the technical departments' specialists and environmental engineers:

- + conducting expert reviews of design documentation
- + supporting project assessments
- + solving problems relating to environmental protection
- + providing informational and technical support to the Company's business units
- + monitoring and analysing the construction process

In addition, Etalon Group has a Quality Control Department whose main function is to identify criteria to ensure safe construction and to implement measures aimed at, among other things, environmental protection and conservation.



Environmental protection efforts

Protection of soils, vegetation and wildlife

The design and construction stages of all Company projects involve strict compliance with the full slate of environmental protection measures. Prior to the start of construction, Group specialists conduct a number of studies and take a variety of measures that include conducting a preliminary assessment of the environmental conditions, studying the extent and nature of impacts on plant and animal

life, developing possible alternatives with the aim of reducing negative impacts, and forecasting changes in biodiversity following construction.

Site preparation, excavation and landscaping are carried out only when such works will not have a harmful impact on wildlife.

Water resources

Water is supplied to construction sites by third-party suppliers. As a result of measures to reduce water intake at some Group construction sites, water obtained from the drawdown of the construction pit or during the drainage of foundation structures is used, which enables the Company to reduce its water intake considerably. In addition to using this method of water intake more extensively, the Company is developing new technological solutions to decrease its water consumption.

Water consumption is metered and discharges monitored at all Etalon Group construction sites and office buildings; before being discharged, all wastewater undergoes preliminary treatment or is transferred to reception facilities (local networks of municipal water utilities) for subsequent treatment.

At the operational stage, all Etalon Group projects install individual meters for residents that are integrated into automated commercial metering systems for water, heat and energy consumption.

Waste management

Etalon Group does not produce hazardous waste in classes 1–3 during the construction process. The Company assesses the risks involved in the handling of construction waste and closely monitors the activities of general contractors. All generated waste is handed over to licensed companies for processing, recycling or disposal in accordance with the applicable requirements and regulations in every region where the Company operates.

Waste minimisation, sorting, reusability and recycling are of increasing interest to the Company and are an area ripe for innovation and technological development.

Energy consumption and efficiency

The Company is taking measures to reduce energy consumption by improving the efficiency of its supply chains and using electricity from municipal grids in the construction process. These steps also reduce emissions of nitrogen oxide and fine particles of soot into the atmosphere.

The Company uses resource-efficient utilities equipment and durable environmentally friendly materials with low thermal conductivity and hygroscopic coefficients in order to improve the energy efficiency of its buildings.



Detailed information on the Company's environmental activities and performance in 2023 is available in its Sustainability Report.



In order to assess the potential impact of the construction of the Schastye v Kazani residential complex on biodiversity and plant life in the nearby floodplain of the Kazanka River, studies were carried out prior to the start of construction by experts from the Institute of Ecology and Environmental Management at Kazan (Volga) Federal University.

Based on the results of the studies, the Company changed its architectural design, reducing the area of the complex by 7,800 sqm (0.78 hectares), leaving 3.61 hectares available for development. At the project's implementation stage, the Company ensured that construction works were carried out in the recommended order and also created a protective green belt separating the residential development from the bottomland forest.

Our team

6,239

Etalon Group headcount in 2023¹

5,879

Etalon Group headcount in 2022¹

+6%

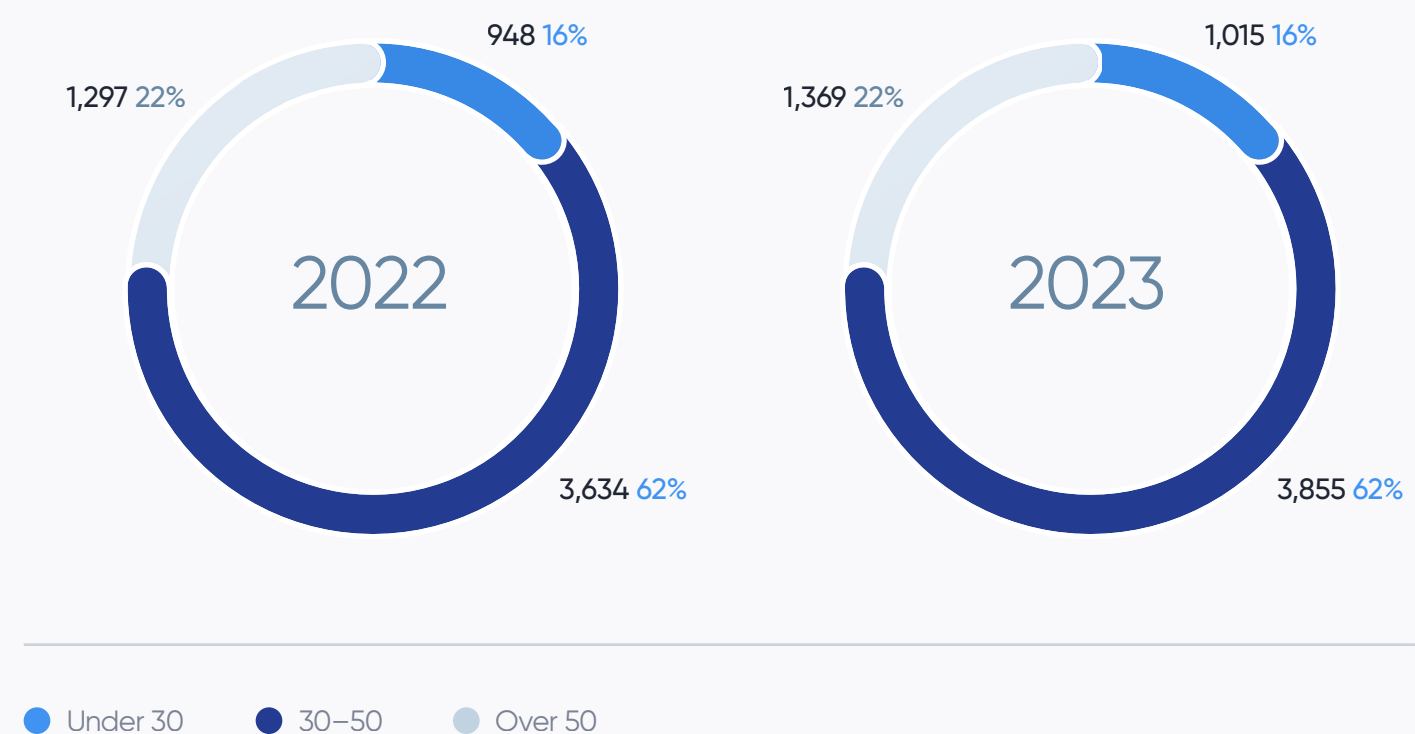
increase in headcount in 2023

98.9%

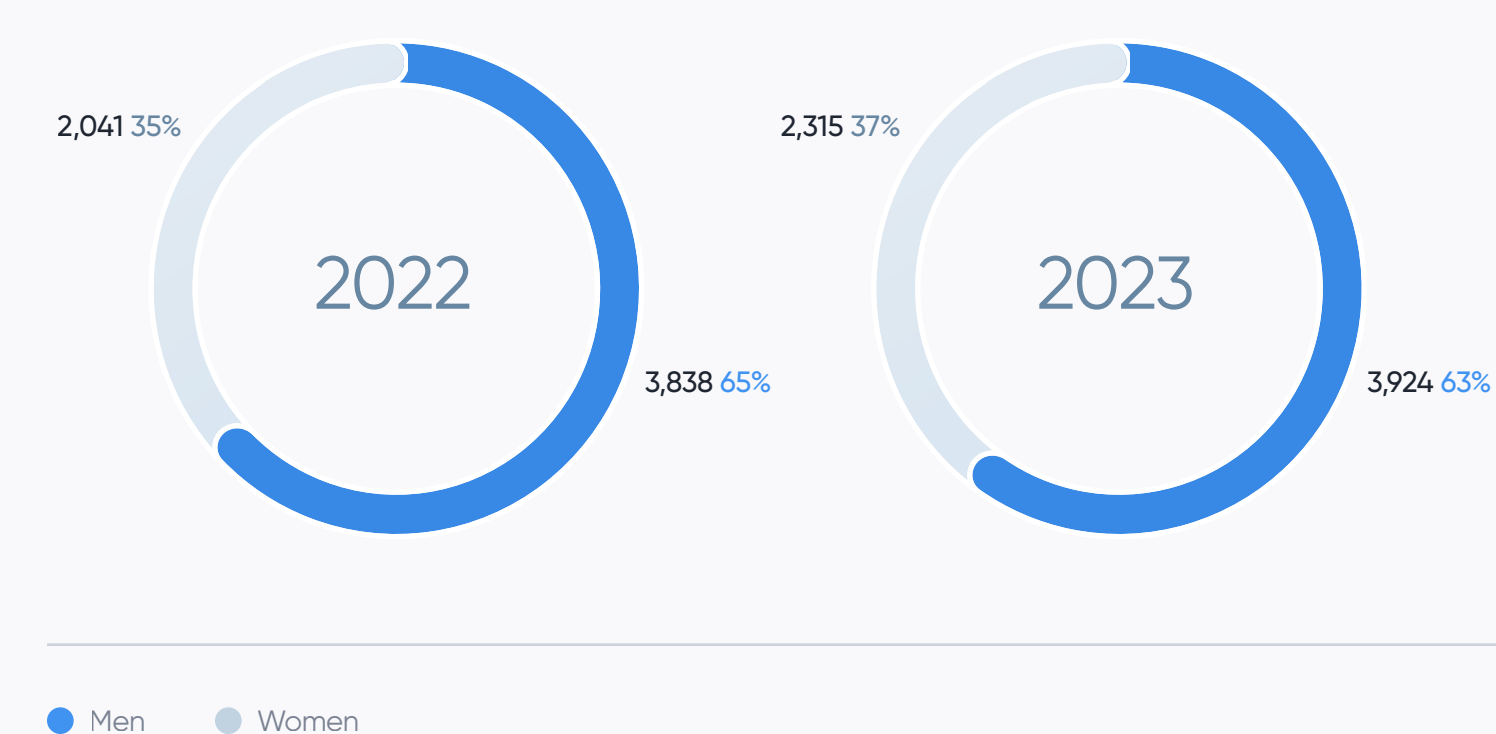
of employees had permanent contracts; only 38 staff members worked on a fixed-term contract.

As of the end of 2023, all of the Company's salaried employees were full-time; at the same time, 3% of staff members (160 employees) worked remotely or according to a personalised schedule. The Company did not have any employees with zero-hour contracts – that is, contracts that do not specify a minimum number of working hours.

Number and percentage of employees by age



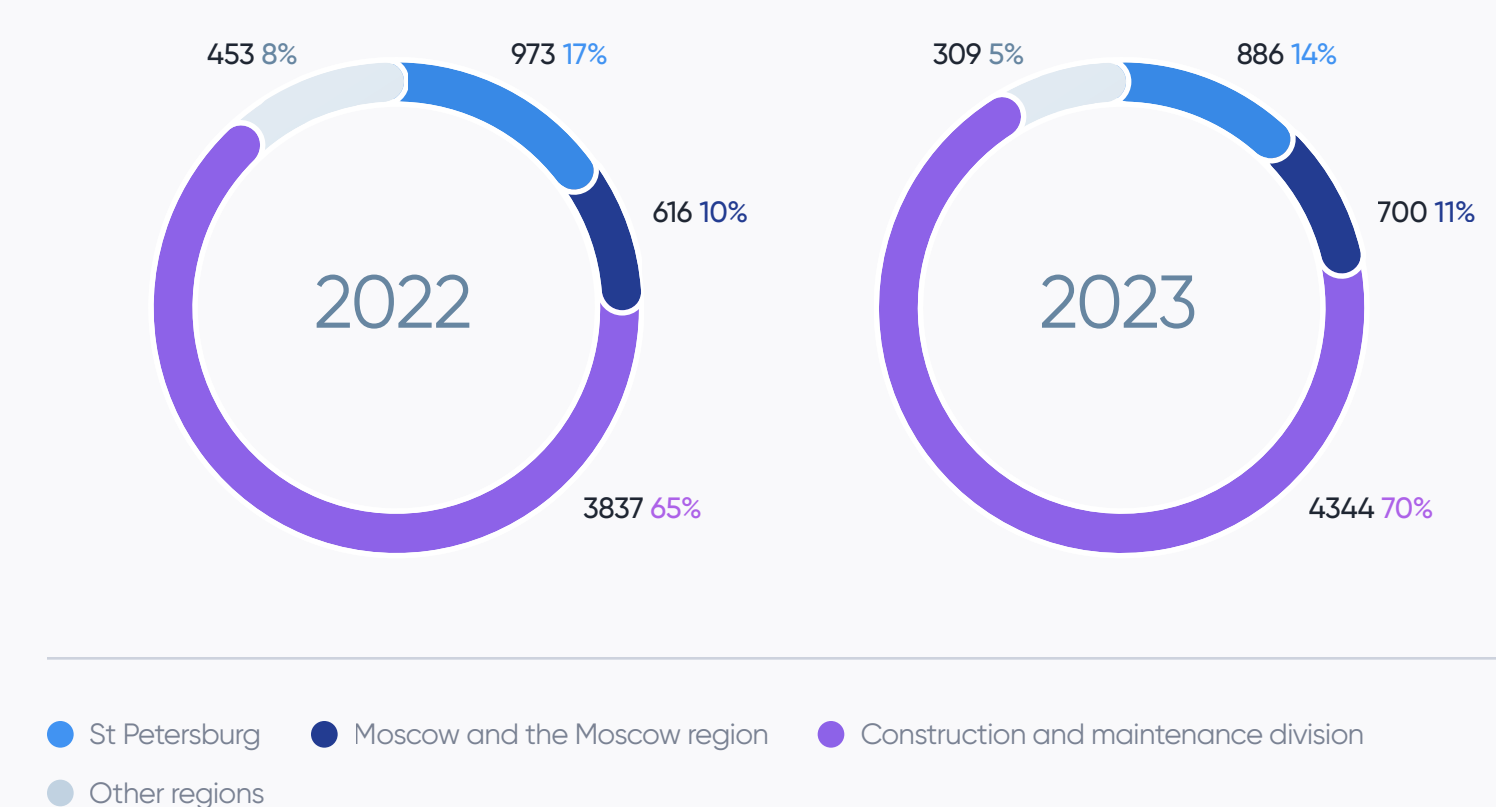
Number and percentage of men and women



Number and percentage of employees by contract type in 2023²

	St Petersburg	Moscow region	Other regions	Construction and maintenance division in Moscow and St Petersburg	Company total
Permanent contract, total:	879 (14%)	690 (11%)	763 (12%)	3,869 (62%)	6,201
men	373	310	322	3,884	3,889
women	506	380	441	985	2,312
Fixed-term contract, total:	7 (18%)	10 (26%)	6 (16%)	15 (39%)	38
men	6	9	6	14	35
women	1	1	-	1	3

Number and percentage of employees by region



¹ As of 31 December of the year indicated.

² Totals may not add up to 100% due to rounding.

Approach to personnel management

Employees are Etalon Group's most important asset. The priorities of our personnel policy are ensuring the health and safety of our employees, providing equal opportunities for professional and career growth, maintaining open dialogue and offering fair remuneration.

KEY PERSONNEL MANAGEMENT PRINCIPLES



Protecting health and safety



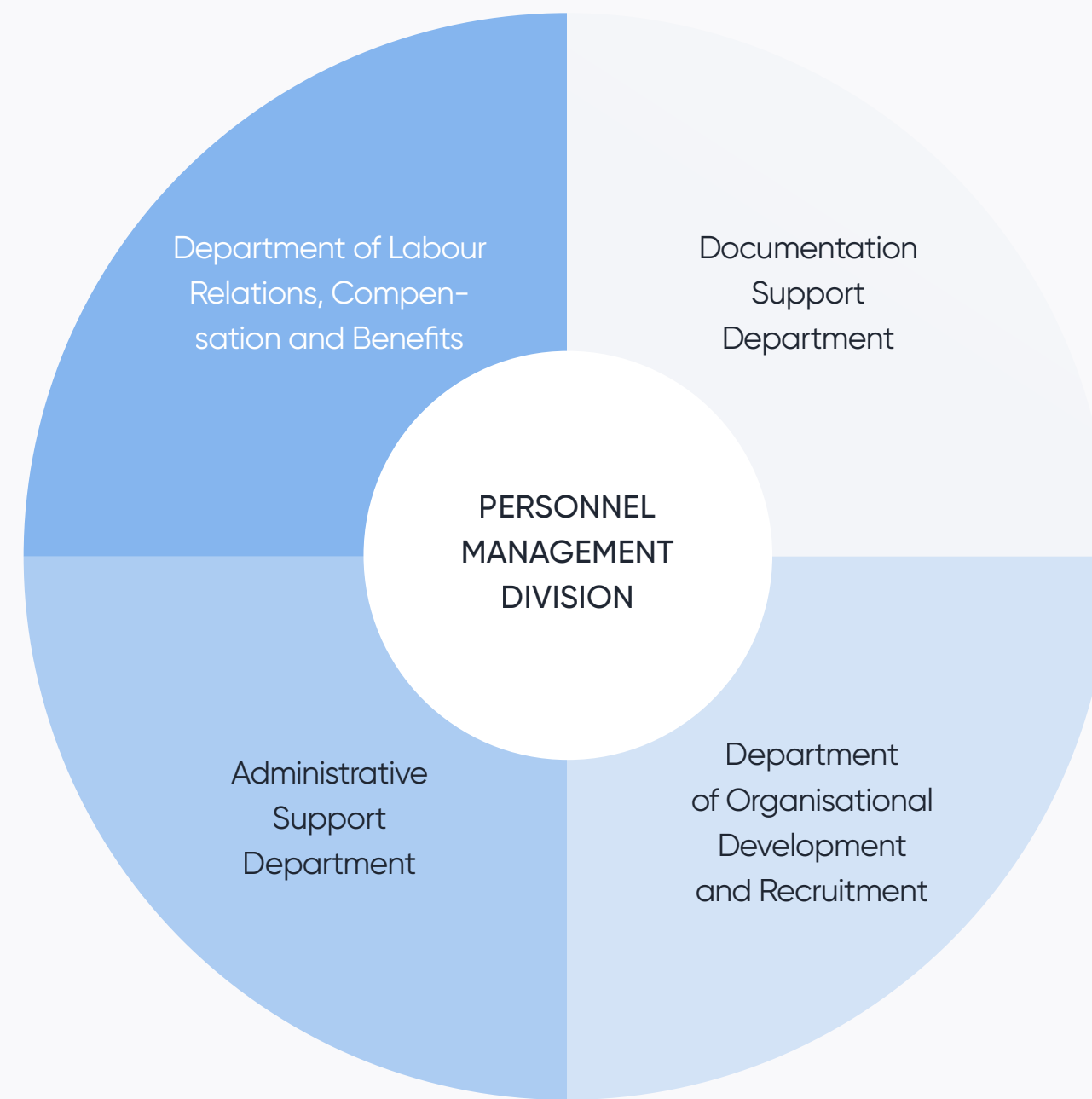
Open and honest dialogue



Equal opportunities and fair remuneration



Supporting engagement and professional development



Successful implementation of Etalon Group's business development strategy and the achievement of ambitious new goals is impossible without recruiting, developing and retaining qualified professionals.

The Company's personnel management strategy covers the following aspects:

- maintaining an effective incentive system
- developing human resources
- promoting and developing the Company's HR employer brand
- maintaining a healthy corporate culture
- maintaining a policy on avoiding conflicts of interest
- offering excellent customer service and developing the skills of Etalon Group employees through training programmes
- updating existing corporate HR documents in line with the situation in the labour market

Etalon Group's human resources management system includes a Group-level Personnel Management Division with specialised units; Group subsidiaries have their own HR departments that are responsible for personnel management.

Processes relating to personnel management, HR policy and automation are set by the management company; within individual subsidiaries, personnel management is supervised by the heads of HR departments, who are responsible for the recruitment, onboarding and training of personnel as well as compliance with the Group's HR policies and procedures.

Personnel management policy

Etalon Group's Personnel Management Division is responsible for implementing and monitoring the HR policy for the entire Company.

The Company has documents in place that reflect the basic principles and mechanisms for the implementation of its personnel and social policies.

Remuneration and non-financial incentives:

- Regulation on Remuneration, Bonuses and Benefits
- Regulation on Etalon Group Corporate Awards

Recruitment and approach to professional training and development:

- Regulation on Recruitment
- Regulation on Staff Training and Development

Basic principles of working arrangements:

- Corporate Labour Policy
- Regulation on Material, Technical and Information Support

Onboarding of new employees

- Regulation on Staff Training and Development

In addition to the documents listed above, the Company has policies in place to avoid conflicts of interest and to combat corruption and fraud, as reflected in Etalon Group's Code of Corporate Ethics and Anti-corruption Policy, as well as in the Regulation on Etalon Group's Fraud, Corruption and Theft Prevention Hotline. These documents are described in more detail in the "Business conduct" section.

The occupational health and safety policy and system are discussed in more detail in the "Occupational health and safety" section.

Staff development

In order to increase employee motivation and engagement, Etalon Group provides a wide range of opportunities for professional and career growth. The Company offer competitive salaries, performance-based bonuses, as well as individual training programmes aimed at developing the professional and personal skills of our employees.

Every year, the Company makes a list of training needs, assesses requests and monitors the progress of programme participants. Feedback is collected following every course in order to improve the process. Training needs are determined based on surveys as well as the monitoring of needs and requests. Training applications are collected at the end of the year, and a plan for the following year is drawn up.

External training was conducted mainly on the following topics:

- industrial and civil engineering and design
- management
- accounting and taxation
- marketing and sales
- personnel management and document management
- data analysis
- courses on a variety of software
- occupational health and safety

Since the Company encourages employee initiatives aimed at professional development and efficiency gains, it often covers some or all of the costs of training that employees themselves choose.

Employees are able to undergo training not only through third-party educational platforms but also thanks to investments in the development of in-house training programmes. In 2023, the Company conducted training through its in-house platform, Etalon4Upgrade, which offers beneficial courses and materials on a variety of topics: courses to help staff improve their Microsoft Office skills, materials on construction technologies and sales techniques, a distance onboarding course for new employees, as well as webinars on various topics and an electronic library of business literature.

Compulsory training is provided for employees involved in technical inspections and occupational health and safety as well for staff from the Company's technical departments. OHS workshops and programmes are an important part of training. In 2023, 221 Etalon Group employees took part in this kind of training, up from 133 in 2022, covering a total 3,451 hours (twice as much time as the previous year).

15 HOURS

of additional training per employee

24 TRAINING COURSES

were partially financed by the Company in 2023

These training courses are discussed in more detail in the "Occupational health and safety" section.

Staff training

	2022			2023		
	Number of people trained	Number of hours	Number of hours per person	Number of people trained	Number of hours	Number of hours per person
Employee category						
management	762	30,402	40	793	12,631	16
line employees	1,608	39,832	25	1,555	22,297	14
Gender						
women	1,126	15,257	14	276	9,606	35
men	1,244	54,977	44	2,072	25,382	12
Total	2,370	70,234	30	2,348	34,988	15

Different numbers of men and women took part in training programmes in 2023 since women are employed primarily in managerial and administrative positions, where training programmes are required less often than the specialised professional programmes for the construction and maintenance division, where the employees are predominantly men.



Developing our workforce capacity

In order to ensure that it is able to recruit and retain qualified personnel, Etalon Group uses various platforms to search for and hire employees, and it also develops programmes and events for students in partnership with specialised universities. Recruitment services are used for the placement of vacancies and for the selection of candidates.

Partnership with universities

Etalon Group cooperates with leading specialised universities, including St Petersburg State University, Peter the Great St Petersburg Polytechnic University, St Petersburg State University of Architecture and Civil Engineering, the Higher School of Economics National Research University, Moscow State University of Civil Engineering, the Russian Presidential Academy of National Economy and Public Administration, the St Petersburg Stieglitz State Academy of Art and Design and the St Petersburg State Agrarian University, among others.

In 2023, the Company entered into partnership agreements with two major regional universities: the A. D. Kryachkov Novosibirsk State University of Architecture, Design and Arts and the Siberian State Automobile and Highway University in Omsk.

The Company hosts guest lectures, job fairs and other events on university campuses, and it also provides students with opportunities to complete internships.

>50 STUDENTS
 from the country's leading universities completed an internship or traineeship with the Company in 2023

Team-building

Etalon Group is committed to maintaining a highly skilled professional workforce. For this purpose, the Company creates comfortable working conditions and career opportunities for its current employees, while also recruiting talented new professionals.

Etalon Group's key asset is its employees. The Company is concerned not only with its employees' professional development but also with the establishment of an efficient, close-knit team functioning in a healthy working environment.

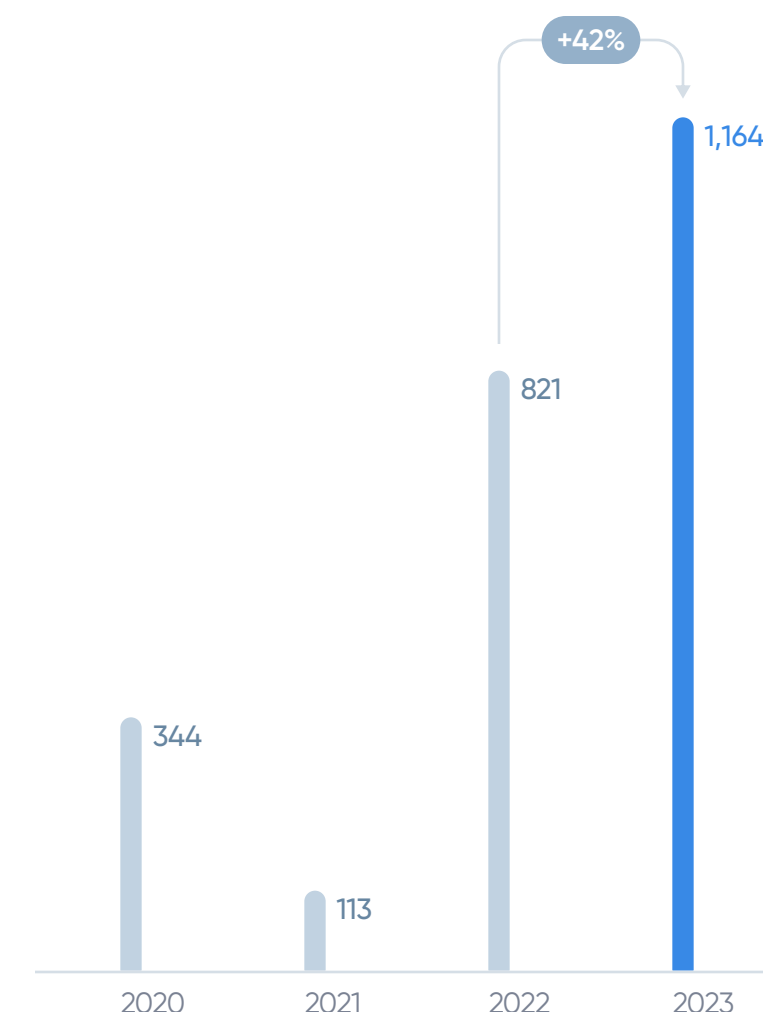
The orientation programme for new employees helps them quickly become part of their new team; acquire the skills they need to do their jobs; learn about the Company's operations,

standards and values; and also identify their strengths and weaknesses in their new positions. Every new employee is assigned a mentor who prepares a list of orientation assignments, keeps track of their performance of those assignments and provides feedback.

Through the Group's training portal, new employees also receive training on the Company's corporate values and learn about its history, structure, etc.



Number of employees taking part in the orientation programme



As part of its team-building efforts, Etalon Group arranges a variety of contests, events and sporting competitions for employees. Every year, the Company participates in over 50 competitions in various sports, including football, hockey, volleyball, and track and field, among others. In 2023, the Company acted as the general partner for the Urban Race of Heroes project, which saw the participation of around 200 Group employees from across all of the Company's regions of operations. Company employees also take part every year in the Fontanka SUP festival, the largest paddle board event in Russia.

In 2023, the Company continued to develop its online portal Pryaniki, which unites employees in every city where the Company operates. Using this in-house social platform, employees can write words of gratitude to one other; participate in competitions, events and Company-related quests; and take part in surveys.

Understanding the value of its employees and the special importance of communicating directly with the Company's President, Etalon Group launched a project called "Dialogue with the President" that gives all staff an opportunity to submit questions to the President through their respective HR department, which consolidates the questions and then arranges a video interview with the President to discuss important topics of interest to the Company's employees.

Etalon Group social policy

Taking care of the health and safety of employees

One of the priorities of Etalon Group's HR strategy is the health and safety of employees, which the Company protects, first and foremost, by creating safe working conditions and preventing workplace injuries.

In 2023, Etalon Group expanded the coverage of its life and health insurance programmes for employees.

Private health insurance programmes were available to more than 3,500 employees regardless of the region where they worked.

The Company also hosted monthly webinars, provided by MEDSI, on issues of physical and mental health.

Concern for employees' quality of life

Etalon Group is committed not only to providing safe working conditions for its employees but also to improving the quality of their life outside work. That is why the Company has developed partnership programmes that offer employees discounts on insurance services, medical services, recreation, fitness club memberships and educational programmes. In addition, Company employees are able to purchase apartments at a discount, depending on the length of their service time with Etalon Group.

The Company supports employees facing challenging life circumstances and provides financial assistance to retirees as well as to existing employees upon the birth of a child or the loss of a close relative. In 2023, the Company provided 270 employees with financial support totalling RUB 13.1 million, or RUB 49 thousand per person (compared with RUB 31 thousand per person in 2022). In addition, 40 individuals who had made a major contribution to Etalon Group's development and who had spent a long time working for the Company were receiving a corporate pension as of the end of 2023.



Employee evaluation and remuneration policy

One of the Company's key personnel management principles is to offer decent, fair and non-discriminatory remuneration based solely on each employee's professional value.

Etalon Group's employee evaluation and remuneration policy ensures that the Company does the following:

- 01 Provides employees with fair, clearly specified remuneration that contributes to the achievement of the Group's goals
- 02 Applies a unified, systematic approach to the remuneration of all employees in all Etalon Group companies
- 03 Determines remuneration based on the achievement of Etalon Group's operational and strategic goals and the performance of each individual employee
- 04 Creates conditions for employees to set ambitious goals and to take responsibility for the achievement of those goals

In addition to their base salary, Etalon Group employees' remuneration consists of bonuses, non-financial incentives and various other benefits.

In 2023, the Company did not employ anyone whose salary was below the minimum wage. In order to retain sought-after professionals and recruit new talent, the personnel service regularly studies salary scales and ensures that employees are paid at market rates; the Company also indexes salaries every year.

Open and honest dialogue with employees and feedback from their immediate supervisor make it possible to properly assess the quality of their work and potential opportunities for career growth. The Company regularly conducts studies and surveys on employee satisfaction and engagement: in 2023, 1,249 people took part in such surveys.

It is clear that employees are unable to work effectively if they are unaware of the main changes taking place within the Company. In accordance with labour laws, the Company notifies employees at least two months in advance of changes that could affect them.

The Group uses the following channels to keep employees up to date on Company news:

- the corporate intranet
- the online portal Pryaniki
- the corporate newsletter
- the "Dialogue with the President" project

All employees receive emails on a regular basis about personnel changes within the Group, events, competitions they can take part in as well as important news.

Equal opportunities

All opportunities for career advancement and salary increases are available equally to men and women regardless of their ethnicity, nationality, skin colour, religion or other factors. When making decisions about recruitment and personnel management, the Company pays particular attention to an individual's personal and professional qualities.

Despite the specific nature of the industry, women accounted for 37% of all Company employees as of the end of 2023, up 2 percentage points from 2021.

Women filled 34% of managerial positions in 2023. As of April 2024, Etalon Group's Board of Directors consisted of five men and one woman.

34%

of Etalon Group's managerial staff in 2023 were women

61%

of the Company's line employees in 2023 were women

Percentage of women among Etalon Group employees in 2023

	St Petersburg	Moscow	Other regions	Construction and maintenance division	Total	%
Managers	265	239	143	690	1,337	
women	133 50%	103 43%	43 29%	172 25%	451	34%
men	132 50%	136 57%	100 71%	518 75%	886	66%
Line employees	594	455	434	1,165	2,648	
women	374 63%	278 61%	302 70%	668 57%	1,622	61%
men	220 37%	177 39%	132 30%	497 43%	1,026	39%
Blue-collar workers	27	6	192	2,029	2,254	
women	-	-	96 50%	146 7%	242	11%
men	27 100%	6 100%	96 50%	1,883 93%	2,012	89%

Etalon Group management¹

	2021		2022		2023	
	Number	%	Number	%	Number	%
Age						
under 30	89	8%	85	7%	85	6%
30–50	823	73%	906	73%	1,001	75%
over 50	223	20%	253	20%	251	19%
Gender						
women	454	40%	448	36%	451	34%
men	681	60%	796	64%	886	66%
TOTAL	1,135		1,244		1,337	

Work-life balance

Etalon Group takes into account the fact that, in addition to their work duties, employees should be able to lead a full life, with enough time for family matters, hobbies and recreation or downtime. The Company fully respects and supports employees' right to personal time; it does so mainly by offering standard working hours and time off.

Employees who are unable to work according to a standard schedule may be offered a personalised schedule provided that such an arrangement is not detrimental to operations.

In 2023, 160 Group employees – 77 women and 83 men – worked remotely or according to a personalised schedule (regardless of the epidemiological situation).

Company employees are free exercise their right to parental leave. In 2023, 66 employees, including one man, took parental leave (compared with 98 employees, including two men, in 2022). In order to help parents financially in the first months after the birth of a child, the Group provides additional support payments beyond the benefits required by law.

The Company values the fact that the majority of employees return to their jobs following parental leave. In 2023, 18 employees returned from parental leave, including one man.

160 EMPLOYEES

(3%) worked remotely or according to a personalised schedule in 2023

¹ Totals may not add up to 100% due to rounding.

Customers

Moscow

- 01 The percentage of buyers aged 25–34 increased to 25% in 2023, which demonstrates an increase in economic activity among young people
- 02 In 2023, the number of buyers purchasing housing as an investment or for their children decreased. Most of the people who bought an apartment in Moscow were registered in the capital or in the Moscow region, but there was also a high percentage of buyers from other regions, at 37%
- 03 Instalment plans were the predominant form of payment, which for many customers made buying a home more affordable and more convenient. At the same time, the percentage of homes purchased with a mortgage remained essentially flat, decreasing to 30%, down from 32% a year earlier

22 RUB MLN

average budget

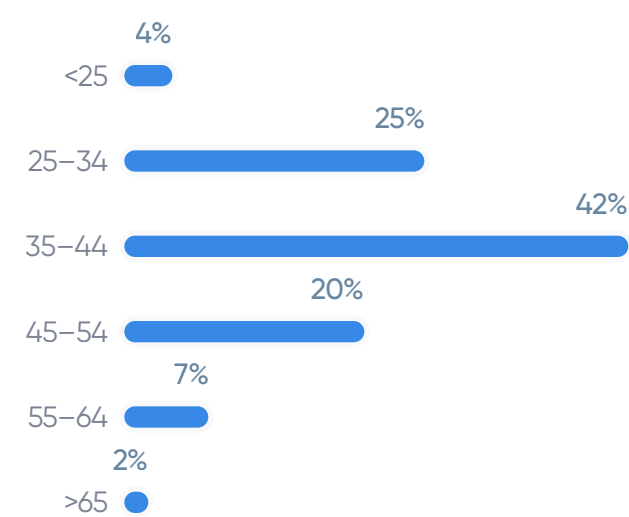
63 SQM

average area of purchased apartment

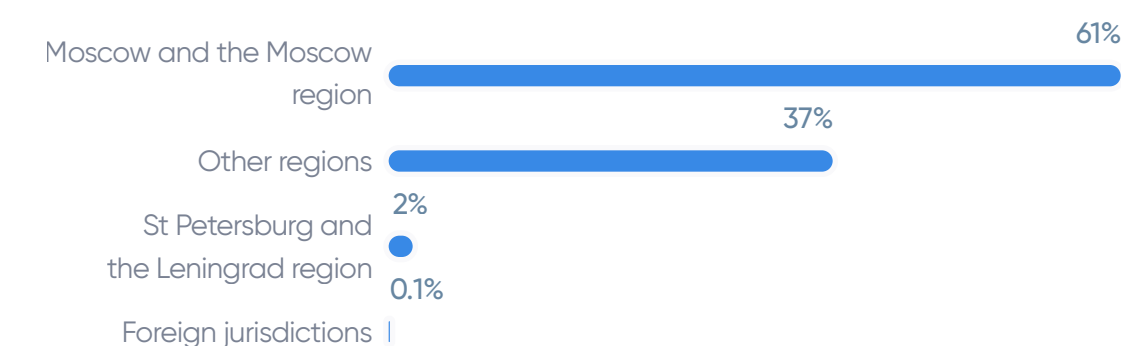
20%

percentage of repeat purchases

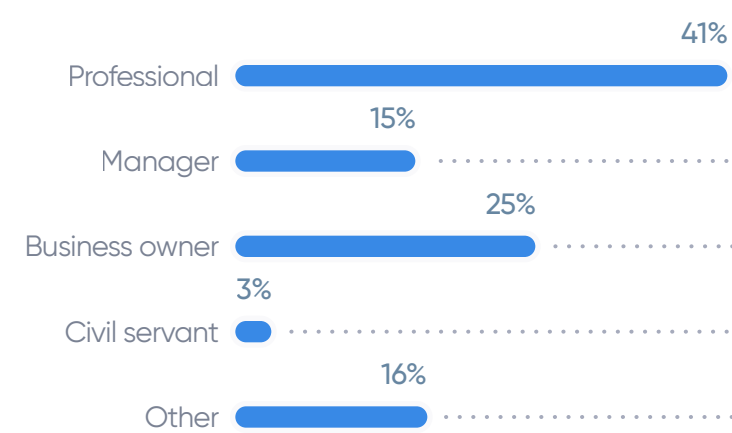
Age



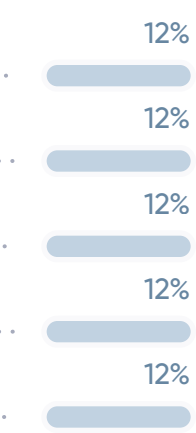
Customer location



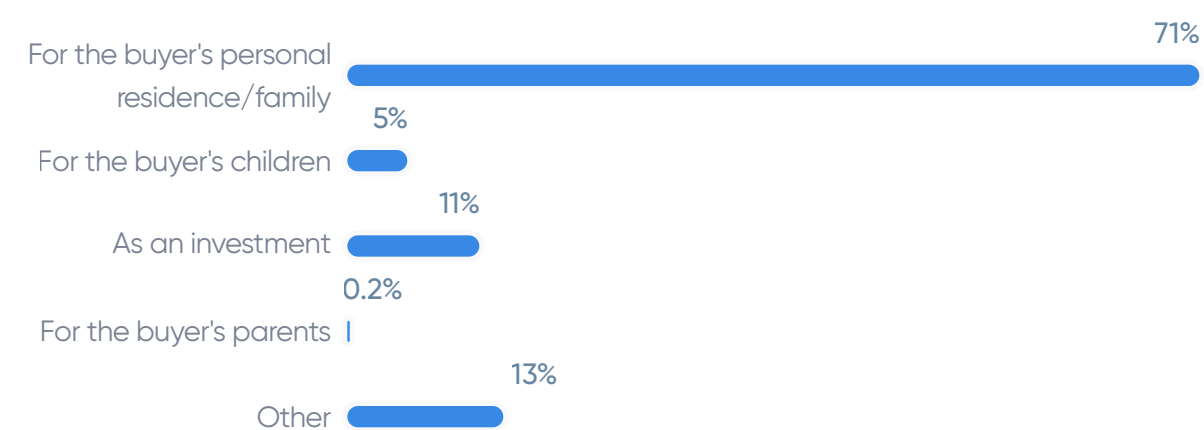
Occupation



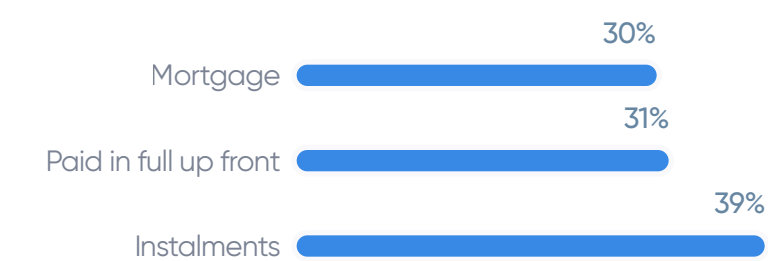
Percentage of repeat purchases



Reason for buying a home



Method of payment



Customers

St Petersburg

- 01** Etalon Group's main customers in St Petersburg in 2023 were professionals aged 35–44 who purchased housing as their personal residence
- 02** In 2023, the percentage of repeat purchases among managers more than doubled to 42%
- 03** Most of the customers who purchased an apartment in St Petersburg were residents of the so-called Northern Capital, but the percentage of buyers from other regions also increased in 2023
- 04** The percentage of customers who purchased an apartment by paying in full up front increased from 2022, reaching 48%

14 RUB MLN

average budget

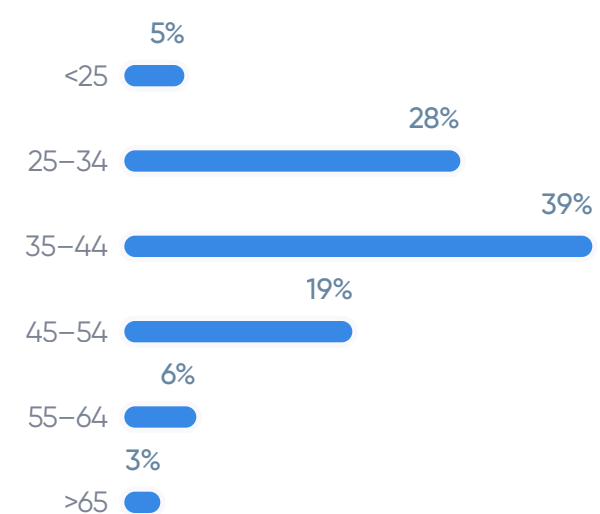
58 SQM

average area of purchased apartment

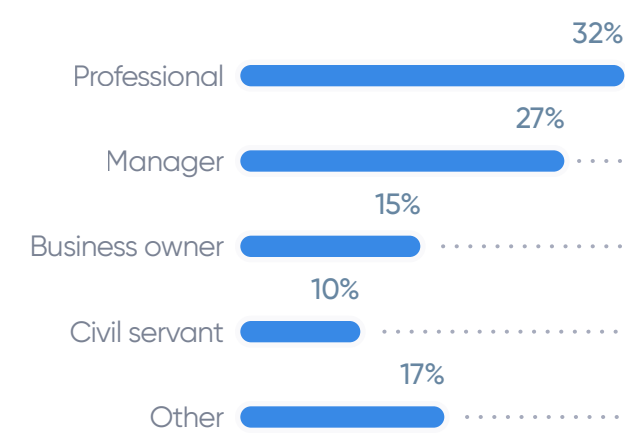
26%

percentage of repeat purchases

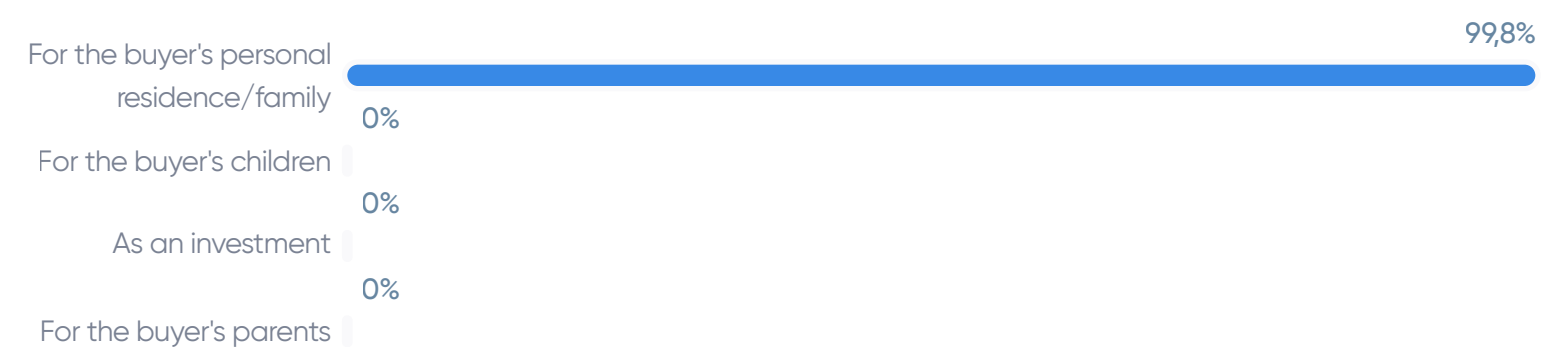
Age



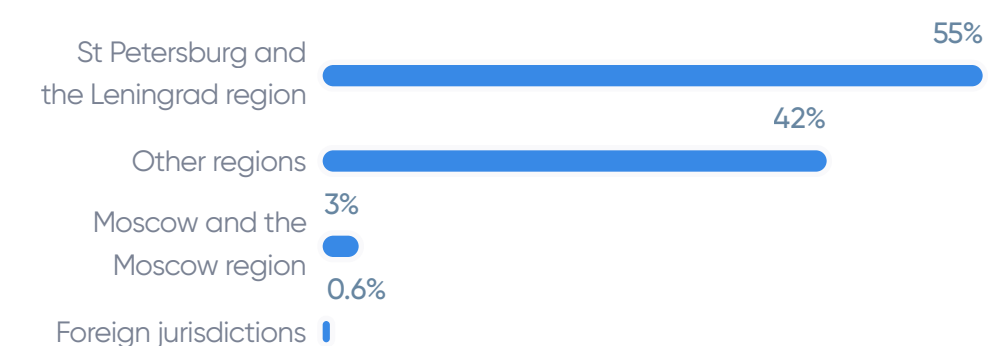
Occupation



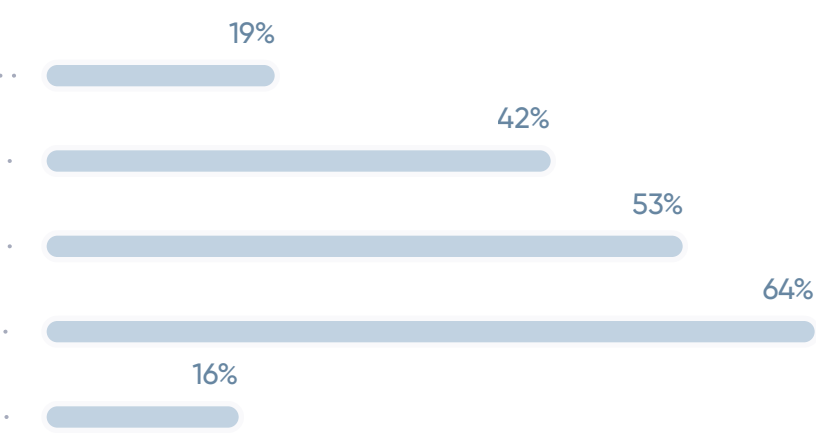
Reason for buying a home



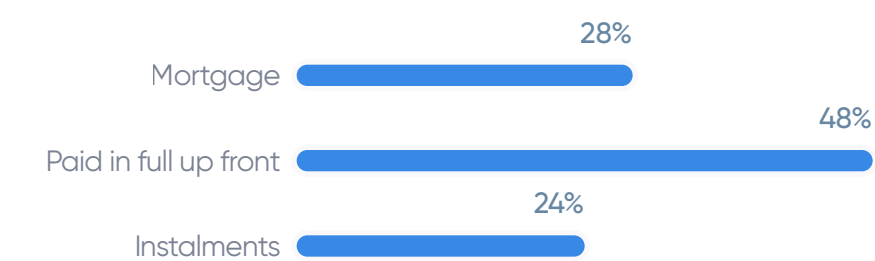
Customer location



Percentage of repeat purchases



Method of payment



Customers

Other regions

- 01

A third of purchases in regional markets were made by young people aged 25–34; this age group accounted for a lower percentage of purchases in Moscow and St Petersburg
- 02

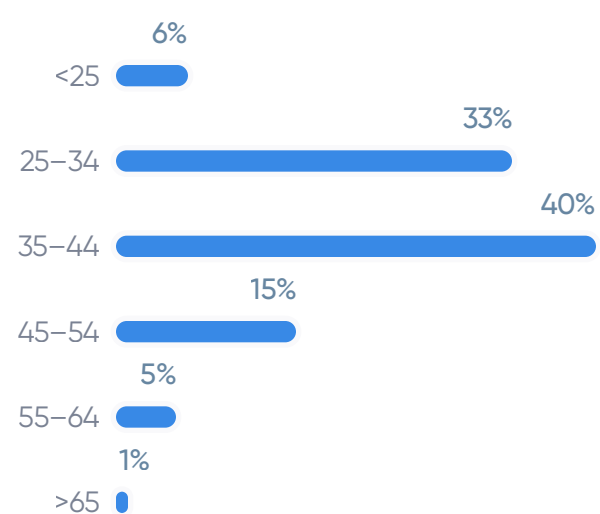
In 2023, the share of repeat purchases among business owners increased by 7 p.p. to 8%
- 03

As in Moscow and St Petersburg, the percentage of purchases for the purposes of improving one’s housing conditions rose in regional markets
- 04

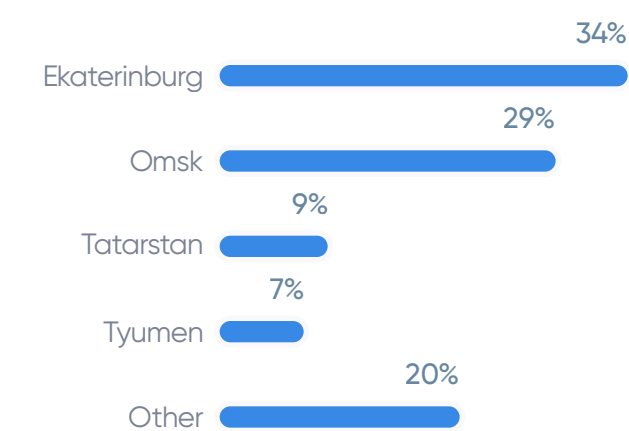
In the reporting year, Ekaterinburg was the sales leader among Etalon Group’s regional markets
- 05

Mortgages remain the primary form of payment in regional markets since the limits under state-backed preferential mortgage programmes are sufficient to cover the average listing price

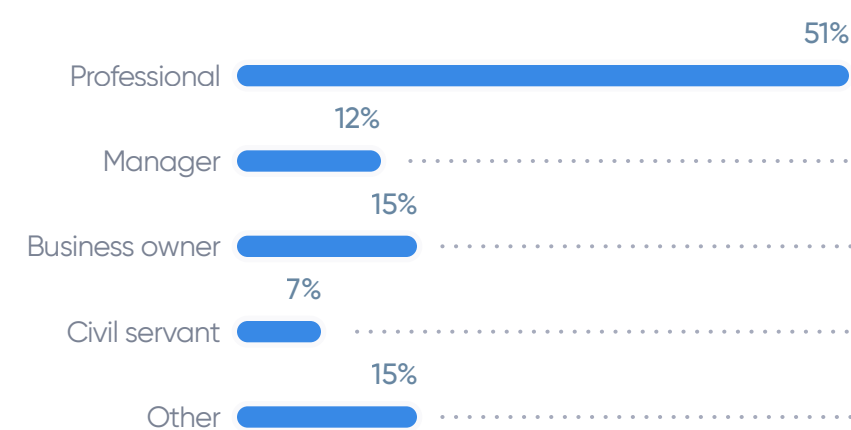
Age



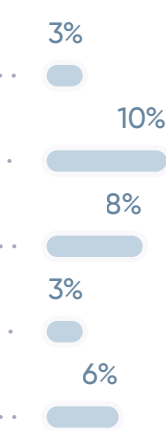
Customer location



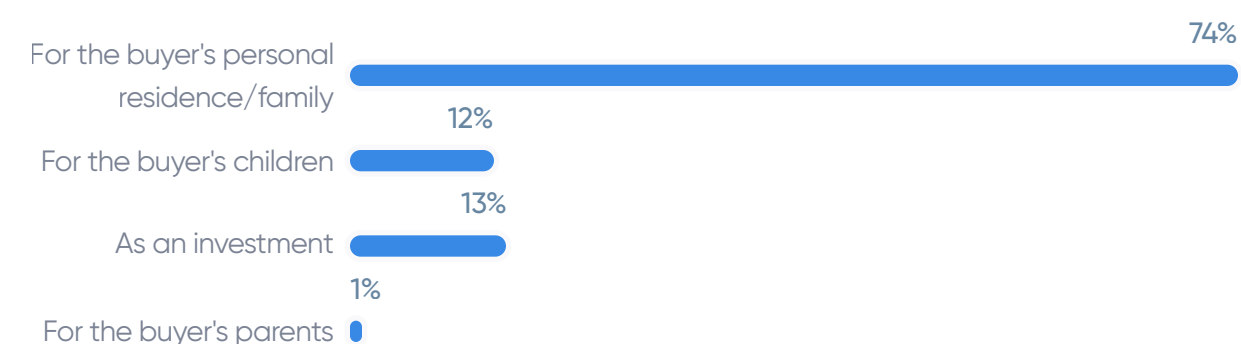
Occupation



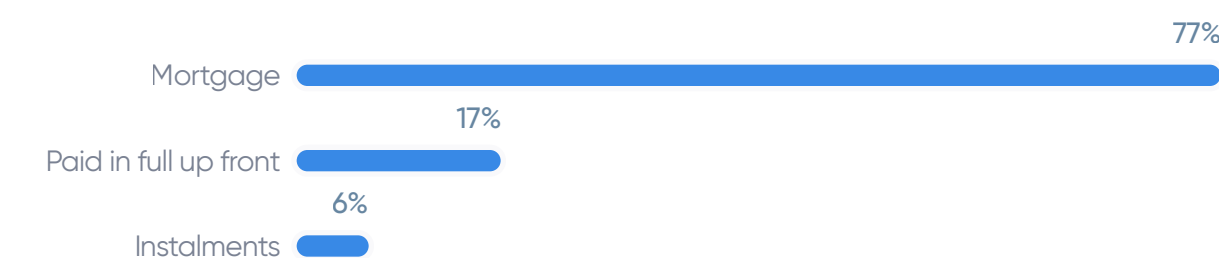
Percentage of repeat purchases



Reason for buying a home



Method of payment



6 RUB MLN

average budget

49 SQM

average area of purchased apartment

5%

percentage of repeat purchases

Social responsibility

One of the areas of our corporate policy that we are most focused on developing is social responsibility. For many years, we have been supporting projects in the areas of education, the environment, cultural heritage, sports and social support in addition to charitable projects. Our goal is to help create the conditions necessary for public health and economic development in the regions where we operate by supporting sustainable development and a favourable business climate.

Development of social infrastructure

In 2023, Etalon Group delivered three preschools and one general secondary school



1,055

number of pupils the educational institutions delivered by Etalon Group in 2023 are designed to served

>25 THS SQM

combined area of the new school and preschools

Galactica residential complex, St Petersburg

A secondary school with more than 19 ths sqm of floor space opened in the Galactica residential neighbourhood. Designed for 825 students, the building offers comfortable classrooms, a gymnasium, a spacious room for choreography and physical education, an assembly hall, a library with a reading room, an IT room, and rooms for physics and chemistry classes including labs.

In addition, a three-storey preschool with an area of around 3 ths sqm, and designed for 120 pupils, was delivered on the grounds of the neighbourhood.

iLONA residential complex, St Petersburg

As part of the iLONA residential complex, a facility covering a total of 764 sqm was delivered; the space is intended for use as a day-care centre, including for children with disabilities.

The centre will provide families with a variety of social services in order to help them and their children find solutions to social, legal and psychological issues.

Tarmo residential complex, St Petersburg

A two-storey preschool for 110 pupils with over 2 ths sqm of floor space opened on the grounds of the Tarmo residential complex.

In 2024, the Company plans to deliver two schools in the Moscow region with a total area of more than 15 ths sqm, at the **Shagal** and **Emerald Hills** residential complexes.

Preservation of cultural and historical heritage



Leningrad Youth Palace

With the support of Etalon Group, a new cultural project called Mitki Museum was launched in St Petersburg. The purpose of the project is to preserve the memory of the site of the Leningrad Youth Palace. At the initial stage, the project organisers plan to collect artefacts relating to the history of Youth Palace and the Leningrad underground. They will all be exhibited in the museum once it opens – some of them in digital format. Temporary exhibitions are also planned in various urban art spaces, at the Mitki Art Centre and at Etalon Group offices. In the future, the museum's collection will be located in an open public space at Etalon Group's new LDM residential complex.

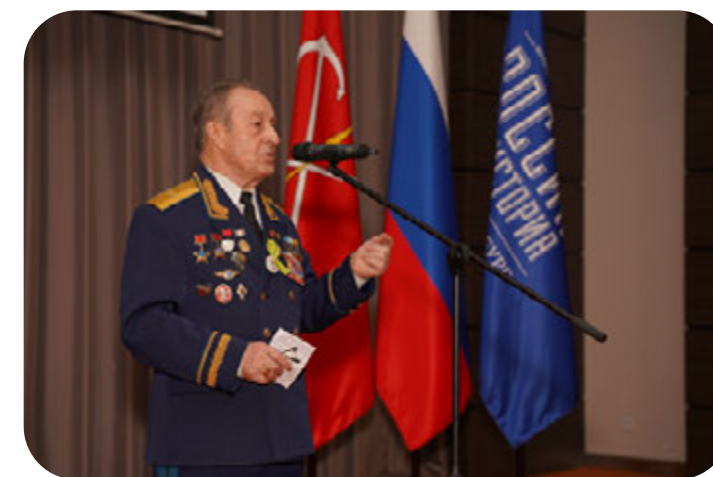
While the new residential complex is being built, the Mitki Museum is available online: https://vk.com/mitki_museum.

Preservation of cultural traditions

Etalon Group treats the traditions and cultures of the regions where it operates with great respect.

In 2022, the Company took part in the Tatar folk festival Sabantuy; in the summer of 2023, it supported the participants of UenFest, a festival and competition involving traditional folk games in Kazan.

Participation in events commemorating Russian history



Victory Day

In the lead-up to Victory Day, Etalon Group took part in commemorative events in St Petersburg and Omsk.

79th anniversary of the complete lifting of the siege of Leningrad

Prior to the 79th anniversary of the complete liberation of Leningrad, ending the blockade, Etalon Group once again supported commemorative events in St Petersburg: Company employees and students from School No. 690 laid flowers at the memorial to the heroic defenders of Leningrad in Utkina Zavod, near the Swallow's Nest residential complex, and visited the Moskovskiy district branch of the Russian Red Cross, where they greeted blockade survivors who had gathered for the event and gave them gifts.

Developing local communities

Every year, Etalon Group organises events at its finished properties to celebrate important holidays: the New Year, Knowledge Day, Cosmonautics Day, Victory Day and Maslenitsa. In addition, the Company attaches particular importance to regional festivals and holidays that are meaningful to local residents.



LOCAL FESTIVALS



City Days

In 2023, Ekaterinburg celebrated the 300th anniversary of its founding. Etalon Group took part in the city holiday, arranged a large branded area for games and entertainment for residents, and also gave souvenirs to the children who were present.

The Company also took part in organising festive events in other regional cities where it operates: Tyumen, Omsk, Kazan and Koltsovo (Novosibirsk region).



Builder's Day in Ekaterinburg

Etalon Group was the main partner for the celebration of Builder's Day in Ekaterinburg. The Company created an interactive space called Etaloburg that combined numerous themes and activities.



Music festivals

The Sunny Music Fest jazz festival took place in a park in the Solnechniy residential district in Ekaterinburg. Etalon Group organised the event for the second year in a row.

In addition, the Golf Music Fest took place at the Forest Hills club near Moscow, combining the annual Golf & Jazz tournament (popular with golf lovers) with jazz, funk and samba music. Etalon Group was an official partner for the golf tournament.



Flora 2023

Flora 2023, an annual exhibition of green construction, floriculture and horticulture, was celebrated in Omsk. Etalon Group created a flower panel in Voskresenskiy Park called "Time to Build and to Live", symbolising the Company's contribution to Omsk's renewal and growth. A representation of one of the buildings of the Green River residential district occupied a large portion of the panel.

EDUCATION AND AWARENESS-RAISING

We take part in educational projects designed to inform people about their city or region. We also collaborate with students of all ages to encourage young people to take an interest in architecture and to help build a talent pool for the industry. We are open to exchanging experiences and appreciate a new, fresh take when it comes to solving urban-planning issues.

Atmosphere-PROFI competition for young designers

The award ceremony for the winners of the sixth all-Russian Atmosphere-PROFI competition was held in St Petersburg with the support of Etalon Group. The ceremony, which took place in the Great Exhibition Hall at the Stieglitz Academy, brought together more than 250 professionals, including interior designers, architects and representatives of industry enterprises.

The competition participants had a unique opportunity to apply their academic knowledge in conditions that were as near as possible to the practice of a working interior designer: they took part in real design projects at Etalon Group residential complexes.

BIMSkills 2023

BIMSkills 2023, the third nationwide competition for architectural and design works using information modelling technologies, was held in St Petersburg. The event is held at the initiative of and with support from Etalon Group. Around 1,000 students and graduates from 50 regions across Russia applied to take part. The winners were given an opportunity to complete an internship with the possibility of subsequent employment at leading Russian development and design companies that use information modelling technologies in their work.

Tour of the Domino and Domino Premium construction sites

Etalon Group has been conducting tours for foreign and Russian students from Peter the Great St Petersburg Polytechnic University for many years. In June, a group of first-year master's students – from Afghanistan, China, Egypt, Ethiopia, Iraq, Nigeria, Sierra Leone and Turkey – visited the construction sites of the Domino and Domino Premium residential complexes. Etalon Group specialists told the future designers, engineers and architects about the main technologies and materials used in housing construction as well as the success the Company has had using BIM technologies. In addition, the students were able to learn more about construction equipment, see the layouts of future apartments and enjoy the view of the historical centre of St Petersburg from high above.

BIM lab at St Petersburg State Agrarian University

In 2023, Etalon Group equipped a specialised BIM lab for students at St Petersburg State Agrarian University.



EDUCATION AND AWARENESS-RAISING

Tour of the Novoorlovskiy construction site

An instructor conducted a tour of the Novoorlovskiy residential complex for fourth-year students enrolled in the course Industry Organisation and Management at Peter the Great St Petersburg Polytechnic University. The main purpose of the tour was to familiarise students with how the construction industry is organised and to demonstrate the technologies used for construction and installation works.

Sistema Fest

Etalon Group supported Sistema Fest, a large-scale sociocultural festival held in Ekaterinburg. The programme for the charitable event included career guidance workshops, featuring speakers from Etalon Group, for students from schools and vocational institutions.

The festival opened with the signing of a tripartite cooperation agreement between Etalon Group, the Sistema charitable foundation and one of the leading universities in the region, Boris Yeltsin Ural Federal University. The cooperation envisioned will create ample opportunities for students and graduates from leading universities in the region to find meaningful employment.

Tour of the Galactica construction site

Etalon Group arranged an educational tour of its largest project in St Petersburg, the Galactica quarter, for members of the Children’s Council of the Russian Construction Ministry. The schoolchildren were briefed on safety measures, viewed the grounds, learned about the main construction technologies and materials used, and also received answers to all their questions. The tour ended at the Galactica quarter’s construction office, where the students were given souvenirs.

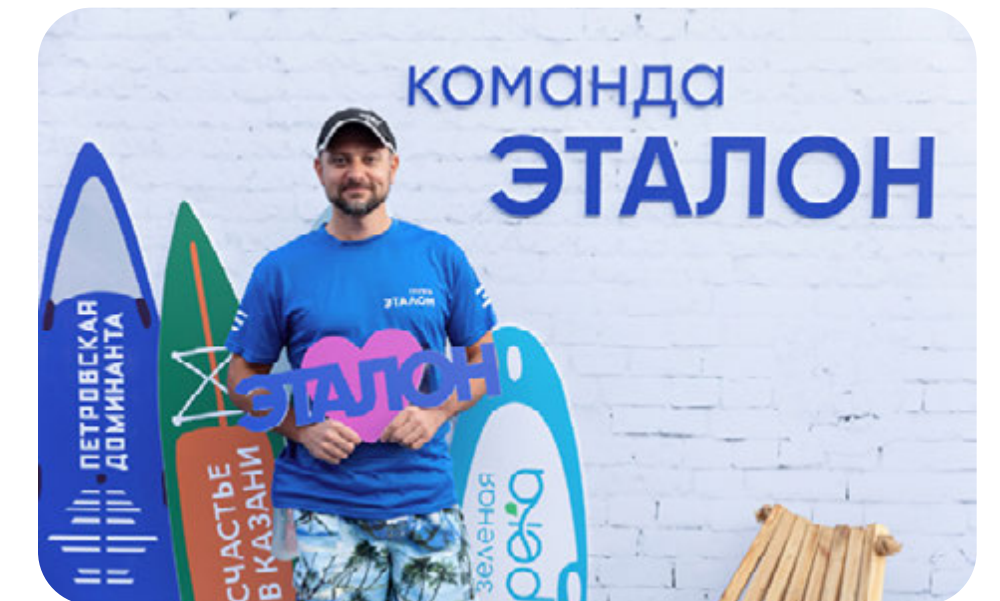
Open City festival

Participants in the Open City festival, which focuses on education and careers in architecture, were given a tour of Etalon Group’s workshop titled “Urban Pavilion: Rethinking Space”. During the tour, participants got to know the Shagal residential quarter, a large-scale integrated development project, and visited the urban pavilion construction site on the Chagall Embankment.



SPORT AND HEALTH

Etalon Group encourages healthy lifestyles not only by supporting sports events but also by getting its employees involved in sports.



Opening of the Rhythmic Gymnastics Centre in the Solnechniy residential district

The grand opening of the Centre for Rhythmic and Aesthetic Gymnastics took place in the Solnechniy residential district in Ekaterinburg. The new centre is the largest sports facility in the Urals and Siberia and the No. 3 gymnastics centre in Russia in terms of size and available equipment. Since 2022, Etalon Group has been developing the Solnechniy district and building a new phase of the Lyceum quarter.

Spartakiad athletic competitions in Ekaterinburg

Etalon Group organised athletic competitions in the Solnechniy district in Ekaterinburg for residents and other guests. A total of 150 people took part in the competitions, which included a track relay as well as volleyball and futsal tournaments.

Fontanka SUP

Etalon Group supported the annual Fontanka SUP paddle board festival held in St Petersburg. The Company took part in the event for the fifth time, with a team of over 100 employees.

Race of Heroes

In addition to being the general partner, Etalon Group also took part in the Race of Heroes – a patriotic project that involves an extreme cross-country race – in St Petersburg.

Raevich half marathon

Etalon Group supported the Raevich running festival for the second year in a row, and Company employees ran the half marathon. The event typically takes place along the central streets of the Siberian capital. In 2023, some 1,500 participants from the Novosibirsk region and nearby regions of Siberia took part in the half marathon.

May Walk

The 40th May Walk, an annual event promoting healthy lifestyles and active recreation, took place in Ekaterinburg. Etalon Group supported the event and prepared the 20 km Solnechniy route, which was used by nearly 2,500 people. Etalon Group’s management team in the Ural region played an active role in the event.

THE ENVIRONMENT

Clean Games

Etalon Group organised the Clean Games environmental quest in Kazan. Group employees as well as representatives of partner banks and real estate agencies took part in the event. Having been divided into teams for the eco-quest, the players collected some 500 kg of garbage in just one hour. At the end of the event, all the waste collected was sent for recycling.

Planting maple trees

Etalon Group once again supported an environmental initiative of Delovoi Peterburg, at Hero Cities Park (Pulkovo Park), where maple trees were planted as part of the Business Alley project.

Green Marathon

Etalon Group took part in the 10th-anniversary Green Marathon in Omsk. The mass event was held in 60 Russian cities, with tens of thousands of runners taking part all across the country. The programme included various distances for both adults and children. Children of Etalon Group employees in Omsk also took part in the race.

In 2023, the event was held in partnership with Sberbank's Investing in the Future charitable foundation. The funds raised through registration fees were used to plant trees in the regions where the event took place and to restore woodlands.



Community development programmes

	2021	2022	2023
Number of events/programmes	19	20	29
Amount invested in the development of local communities, RUB mln	2.5	2.4	29.8

29.8 RUB MLN

was invested by the Company in the development of local communities in 2023

Charity

Every year, Etalon Group provides charitable assistance to various social facilities, finances sports and recreational events, and supports charitable foundations.

#ZaLes charity race

Etalon Group supported the third #ZaLes charity project, an initiative run by Sistema's charitable foundation, with employees from more than 20 Russian companies taking part. Etalon Group finished in third place in the team standings for companies with 30 or more employees.

The #ZaLes campaign has always been guided by the motto "sport with purpose": for every participant who completed their chosen distance, the foundation donated funds as part of the Southern Forest Belt of Russia project, run by the environmental non-governmental organisation ECA. As a result of the autumn 2023 campaign, volunteers planted trees in forests destroyed by fire in southern regions of the country.

A particularly important day during the 2023 event was when the I'm With You race was held to support people facing difficult diagnoses. All the participants of the #ZaLes Race who ran 5 km or 10 km on that day automatically took part. The Sistema charitable foundation made donations on behalf of all the participants to Lenzdravkloun, a non-profit organisation for professional hospital clowns who provide psychological support for patients of all ages.

Career guidance visit to Moscow for pupils from the Safonovskiy orphanage and school

Etalon Group organised a three-day career guidance visit to Moscow for children left without parental care from the Safonovskiy orphanage and school. Visits to a specialised university, museums and a construction site were arranged for the children.

Cosmonautics Day event for children from family education support centre

The Cosmonautics and Aviation Centre at VDNH hosted a tour for children from the Bereg Nadezhdy family education support centre; the tour was organised by Etalon Group and timed to coincide with Cosmonautics Day.

The Cosmonautics and Aviation Centre, the largest space museum complex in Russia, presents a number of unique exhibits. The director of the centre, the cosmonaut and Hero of the Russian Federation Fyodor Yurchikhin, spoke in detail about the history of space exploration, and he shared interesting facts about being a cosmonaut and about his experience of space flight. He also answered questions from the young listeners.

Detskiy KinoMay charity film forum in Kazan

Etalon Group supported a film forum during which the Detskiy KinoMay charitable foundation, in partnership with other social organisations, arranged free screenings of films for children; creative meetings with famous actors, writers and musicians; as well as fascinating workshops.



Charity	2021	2022	2023
Number of charity events/ programmes	28	48	53
Amount of charitable assistance provided, RUB mln	53.9	154.4	64.1

Corporate ethics

Etalon Group is committed to upholding high ethical standards, and has a zero-tolerance policy for human rights violations, discrimination and corruption. The Company establishes its basic values and principles of corporate behaviour in its by-laws, and it has also put effective mechanisms in place to ensure that those values and principles are respected.

The following documents are currently in force within the Group:

- Etalon Group Code of Corporate Ethics
- Regulation on Conducting Tenders
- Anti-corruption Policy

The rules of corporate conduct apply both to relations between co-workers and to relations with the Company's business partners.

Reporting on corporate misconduct

Etalon Group has established a Company-wide hotline to ensure confidentiality when reporting violations of business ethics and applicable laws as well as corruption and abuses of power. The most important goals, objectives and principles of the hotline as well as its operating procedures and the distribution of responsibilities between Company divisions and subsidiaries are specified in the Regulation on the Hotline for Countering Fraud, Corruption and Embezzlement.

Any individual, including employees, customers, partners and independent parties, who has information about acts of corruption, breaches of business ethics or Etalon Group policies, as well as violations of applicable laws or other abuses is urged to report them. Reports can be submitted through two official communication channels: by e-mail or by telephone.

**Etalon Group
hotline**

hotmail@etalongroup.com
Tel.: 8 800 300-81-03

When processing reports, the identity of the individual who submitted the report and the information they submitted are kept confidential, and the anonymity of anyone who does not wish to disclose their personal information will be protected. Any form of retaliation against any individual who provides information is prohibited.

Respect for human rights

Etalon Group supports the fundamental principles of human rights protection enshrined at the national and international levels, incorporates these principles within Group companies and monitors its partners' compliance with them.

The Company is guided by the following key human rights regulations:

- the laws of the Russian Federation
- the Universal Declaration of Human Rights
- the principles of the UN Global Compact
- the International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- the UN Guiding Principles on Business and Human Rights
- international covenants on human rights

All employees and contractors are obliged to familiarise themselves with the human rights provisions included in Etalon Group's main corporate ethics and anti-corruption policies.

Also, when screening contractors and suppliers, the Company's Security Division vets them to confirm their financial stability, reputation and fair business practices.

Etalon Group observes the following human rights principles:

- equal opportunities
- a work environment free of harassment and persecution
- zero tolerance for any form of discrimination
- prohibition of the use of any form of child or forced labour
- creation of favourable working conditions



No human rights violations were identified within Etalon Group in 2023



In 2023, 100% of new employees and counterparties were informed of the Company's requirements and policies, including human rights provisions

Code of Corporate Ethics

Compliance with the principles of business ethics not only bolsters Etalon Group's reputation today but is also a key factor in the Company's future sustainability.

HANDLING MATTERS OF CORPORATE ETHICS

The Code of Corporate Ethics reflects the commitment of Etalon Group and its management to high ethical standards of business conduct (conducting business openly and fairly); these standards were designed to improve the corporate culture, to ensure adherence to best corporate governance practices and to protect the business reputation of Etalon Group companies.

Issues relating to the clarification and monitoring of compliance with the Code of Corporate Ethics are the responsibility of Etalon Group management and the Corporate Conduct Officer.

President and Board of Directors

- Setting policies and standards
- Providing a personal example of high standards in terms of the corporate management culture

HR Management Division

- Informing all employees about the Code of Corporate Ethics and other standards of corporate conduct
- Conducting training and reviews on issues relating to ethical behaviour

Security Division, Corporate Conduct Officer

- Providing advice on corporate ethics and conflicts of interest
- Registering and responding to violations

Internal Audit Service

- Monitoring compliance with by-laws
- Analysing violations and formulating conflict resolution measures

GROUP ETHICS GUIDELINES

<p>01 Trust</p>	<p>02 Openness</p>	<p>03 Respect for people</p>
<p>04 Professionalism</p>	<p>05 Impartiality and objectivity</p>	<p>06 Zero tolerance for corruption and unfair competition</p>

ADVICE AND WHISTLE-BLOWING

For advice or to report violations of corporate ethics, Etalon Group employees may contact their immediate supervisor, the Corporate Conduct Officer or the hotline. Confidentiality is guaranteed for anyone who reports a violation. The Corporate Conduct Officer takes measures to prevent violations, resolve conflicts of interest or clarify the provisions of the Code. A corporate conduct commission may be convened to address complex situations.

Any employee who violates internal regulations is subject to disciplinary measures in accordance with the Labour Code. If there is reason to believe that an employee has committed an administrative or criminal offence, information to that effect is transmitted immediately to the state body responsible for investigating such cases.

MONITORING

In order to verify compliance on the part of employees with the Company's corporate ethics principles, Etalon Group conducts ethics reviews. When undergoing a review, employees complete a Declaration on Ethics and Conflicts of Interest in the form of a questionnaire. The questionnaires are then analysed, and a report is generated with suggestions for conflict resolution measures that is sent for review to the President and the Chairman of the Board of Directors.

 In 2023, no conflicts of interest were identified within the Company.

Hotline

Since 2020, the Company has been operating a hotline for combating fraud, corruption and embezzlement. In 2023, the hotline received 14 reports, all of which were carefully reviewed. No cases of human rights violations, discrimination or corruption were identified as a result of the Company's internal investigations.

ANTI-DISCRIMINATION POLICY

In addition to Russian laws, the Company has developed and incorporated internal policies aimed at countering discrimination, including the Code of Corporate Ethics and the Regulation on Conducting Tenders.

At all times and in every aspect of its business, Etalon Group takes a zero-tolerance approach to discrimination in all its forms, including on the basis of age, race, ethnicity, gender or other grounds. The Company does not tolerate any form of harassment, including sexual harassment and coercion of any kind – verbal, written, visual, physical or otherwise.

Employees' career growth, as well as their salary, benefits and bonuses, depends solely on their professional competencies.

Although we value so-called work dynasties, where professional skills are passed down from one generation to the next, we strictly prohibit protectionism based on family connections. We limit situations of direct or indirect subordination involving relatives.



In 2023, no cases of discrimination were identified within the Company.

ANTI-CORRUPTION POLICY

The Group has a strict zero-tolerance policy for corruption in every aspect of its relations with all stakeholders: shareholders and investors, counterparties, representatives of government agencies, subsidiaries, employees and others.

Regulatory framework

Etalon Group's anti-corruption policy is based on the following guidelines and regulations:

- Criminal Code of the Russian Federation
- Code of Administrative Offences of the Russian Federation
- Federal Law on Combating Corruption
- Etalon Group Code of Corporate Ethics
- Etalon Group Anti-corruption Policy

Etalon Group and its management are committed to continuously improving the Company's corporate governance practices and corporate culture in order to maintain its excellent business reputation. All Company employees, regardless of their position, are required to strictly comply with the requirements outlined in the Code of Corporate Ethics and the Anti-corruption Policy.

Etalon Group welcomes and encourages compliance with anti-corruption principles on the part of counterparties and other stakeholders. The Company makes every effort to advance an anti-corruption culture internally and in society as a whole.

In this regard, it cooperates with state and regulatory authorities as well as with local communities, partners and counterparties in order to combat corruption and promote the establishment of a transparent and fair business environment together.

Anti-corruption management system

01

Management principles

Etalon Group has established several anti-corruption goals.

01

The Company is committed to minimising the risk of involving Etalon Group itself or members of its Board of Directors, its President or its employees in corrupt activities, including by:

- clarifying the provisions of anti-corruption laws and Company by-laws
- enshrining official obligations to comply with them
- developing procedures to prevent corrupt practices

02

In its relations with shareholders, the investment community, counterparties, members of management bodies, employees and other parties, Etalon Group is committed to bolstering its reputation as a company that has zero tolerance for corruption in all its form and manifestations.

Pursuant to the Company's Anti-corruption Policy, senior executives demonstrate how to meet these standards by setting an example through their own ethical behaviour.

The President of Etalon Group is responsible for orchestrating measures aimed at living up to the principles outlined in the Anti-corruption Policy. Such measures include the appointment of individuals responsible for the development, implementation and oversight of anti-corruption procedures. Moreover, in addition to communicating to employees the importance of preventing corruption, Etalon Group conducts integrity due diligence in relation to all counterparties.

Members of the Board of Directors and members of Board committees as well as all Etalon Group employees, regardless of their position, are personally responsible for compliance with the principles and requirements of the Anti-corruption Policy as well as for the actions or omissions on the part of their subordinates that violate these principles and requirements.

Anti-corruption management system

02

Monitoring and risk assessment

Etalon Group regularly monitors compliance with anti-corruption procedures, including through periodic audits by the Internal Audit Service. To protect potentially vulnerable business processes, the Company regularly updates its industry-specific corruption risk factors. Based on this information, suitable corruption prevention procedures are developed and implemented in order to manage any identified risks successfully.

03

Working with counterparties

Etalon Group makes reasonable efforts and takes measures to avoid entering into business relations with unreliable counterparties and to avoid getting involved in corrupt activities. To do this, the Company scrutinises every counterparty's business reputation, includes anti-corruption clauses in contracts and finds out whether a counterparty has its own policies regarding ethics and corruption.

When joining organisations and associations as well as joint ventures, the Company strives to comply with anti-corruption principles and requirements. Etalon Group advocates the adoption of similar anti-corruption policies in joint ventures, organisations and associations in order to prevent or uncover violations so as to avoid the Group's involvement in corrupt activities.

Informing counterparties about Etalon Group's Anti-corruption Policy in 2023

Number of counterparties informed about the Company's Anti-corruption Policy and procedures	Total
Number of suppliers	585
Number of contractors	996

According to the Code of Corporate Ethics, all suppliers and contractors working with the Company must be familiar with Etalon Group's Anti-corruption Policy.

04

HR management

In addition to carrying out integrity due diligence in respect of counterparties, the Company also considers the professional reputation of applicants for vacant positions. When signing an employment contract, employees are required to familiarise themselves with the Code of Corporate Ethics and Anti-corruption Policy.

05

Participation in charitable activities and sponsorship

Etalon Group does not finance charitable or sponsorship projects in order to obtain commercial advantages in specific Company projects.

06

Social and political activities and dealings with government officials

Etalon Group does not participate in the activities of political or religious organisations, nor does it finance their activities.

The Company does not make facilitation payments to government authorities, public officials or others, and also refrains from covering any expenses for or on behalf of government officials or their close relatives or in order to obtain commercial benefits for Etalon Group projects.

In combating corruption, Etalon Group cooperates with state and regulatory bodies as well as with companies and associations, partners and counterparties.

Anti-corruption management system

07

Effecting payments

Etalon Group does not solicit its representatives or other third parties to perform any actions that contravene its Anti-corruption Policy or applicable anti-corruption laws, nor does it effect payments if there is reason to believe that all or part of said payments will be used for corrupt purposes.

08

Information sharing and training

The Company is open about its stance against corruption; welcomes compliance with the principles and requirements of its Anti-corruption Policy on the part of all counterparties, employees and other individuals and entities; and promotes advancements in its anti-corruption culture through information sharing and training. An introductory briefing is provided for new employees, and periodic information seminars are held in person or remotely for existing employees. Ethics reviews are conducted annually for senior executives and middle management.

Informing employees about Etalon Group's Anti-corruption Policy in 2023

Number of employees informed about the Company's Anti-corruption Policy and procedures	Moscow region	St Petersburg	Other regions	Total
Number	1,282	1,007	348	2,637
Percentage of the total number	46%	39%	45%	42%

 No cases of corruption were identified in 2023.

09

Responsibility for compliance with the Company's Anti-corruption Policy

According to Etalon Group's Anti-corruption Policy, any reasonably justified suspicion or established fact of corruption automatically triggers an internal investigation. Employees found guilty of violating Anti-corruption laws or the Company's policy may be subject to disciplinary action. In addition, they may be subject to other forms of liability in accordance with the applicable laws.

10

Audit, control and reporting

In order to ensure that information concerning the Company's financial and operating position in its accounting and other systems is complete and accurate and also in compliance with Company by-laws and legal requirements, Etalon Group conducts internal and external audits on a regular basis. Such audits involve verification of the implementation of key business processes; the validity, legality and accuracy of payments; as well as compliance with anti-corruption requirements.

Compliance with the principles and requirements of the Company's Anti-corruption Policy on the part of both employees and contractors is monitored by senior management.

Responsible supply chain

One of Etalon Group’s corporate governance priorities is to ensure transparency in its procurement procedures. The Company chooses counterparties through competitive selection procedures and arranges uninterrupted deliveries with due regard for cost-effectiveness and production efficiency.

Regulatory framework and approach to procurement

The by-law regulating tenders is the Regulation on Conducting Tenders within Etalon Group, which has been in place since 2021.

In 2023, in light of challenges in the external environment and the rapid change in market conditions, the Company developed a new Procurement Regulation that takes into account the new conditions in the procurement market as well as the following key procurement-related principles:

- **fair competition** aimed at ensuring a level playing field for potential participants in procurement procedures
- **equal treatment and a uniform approach** in the procurement process by establishing equal competitive opportunities and uniform rules for all participants before a procedure begins
- **economic feasibility**, as determined by assessing the need for procurement at any stage of procurement activities
- **procurement transparency**, enabling oversight at any stage of procurement procedures

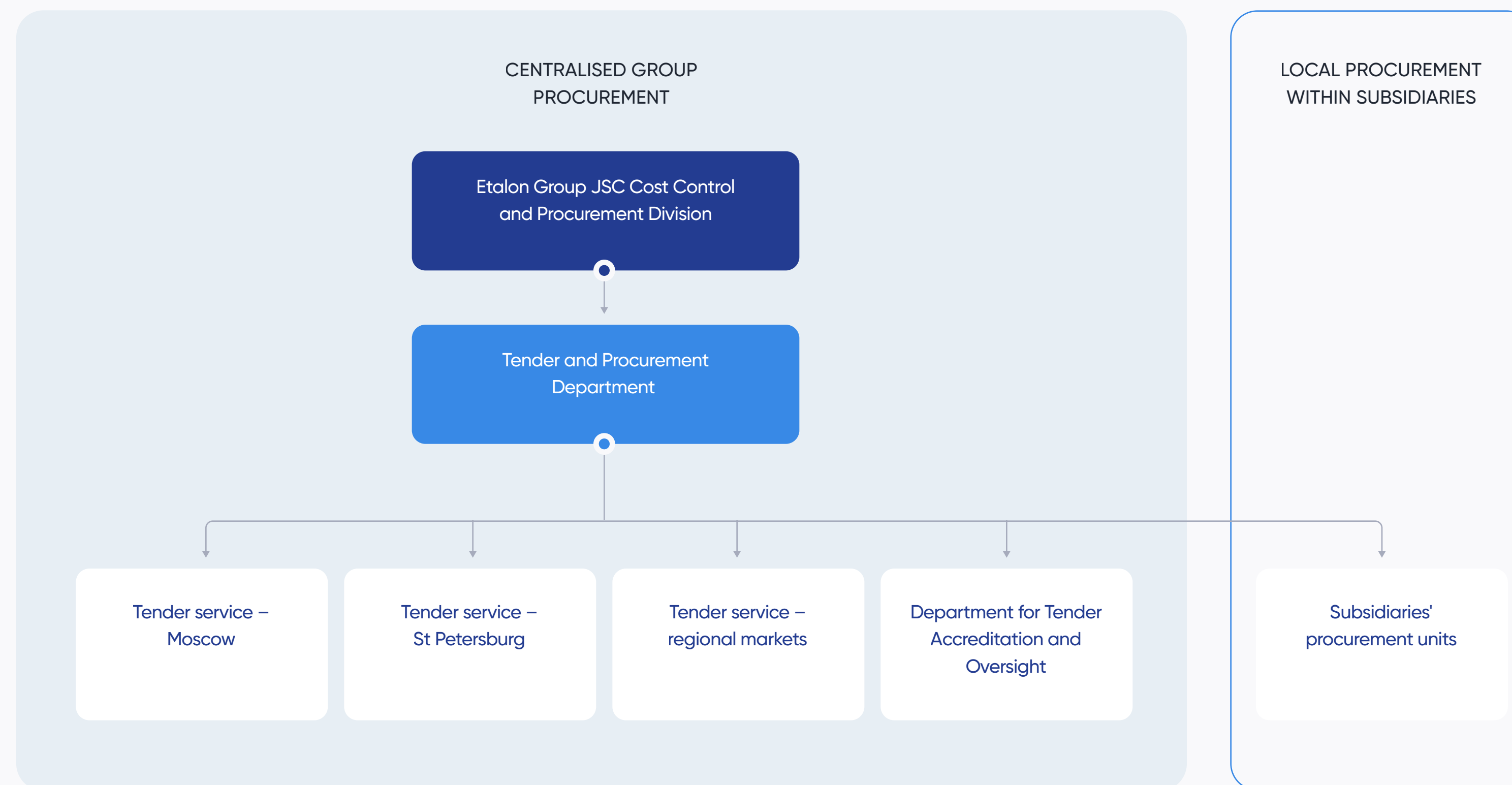
In addition, the new Regulation is designed to prevent violations of antitrust laws as well as unfair competition, while also ensuring oversight of the selection of suppliers of materials, works and services. The Regulation outlines the current requirements for companies participating in procurement procedures.

The applicable laws of the Russian Federation provide the basic rules for relations with counterparties in the procurement process.

Procurement management

The central unit responsible for procurement-related issues within Etalon Group is the Tender and Procurement Department, which is part of the of the key Russian subsidiary Etalon Group JSC. The department includes regional tender services (Moscow, St Petersburg and other regions) as well as the Department for Tender Accreditation and Oversight.

The department develops and approves the procurement methodology, handles category management, initiates and conducts procurement procedures in the Company’s various business streams, and provides methodological support to all Group subsidiaries and business divisions. The Group’s subsidiaries also have their own procurement units. This structure ensures a high level of operational efficiency when it comes to the Company’s procurement process.



Approach to the selection of suppliers and contractors

In accordance with the basic principle of ensuring the fair selection of contractors as part of our procurement activities, we select suppliers and contractors on a competitive basis as follows:



Approach to procurement planning

In 2023, Etalon Group put a mechanism in place for the phased transformation of its procurement planning system in an effort to improve planning accuracy and to ensure the timely start of its key procurement procedures. The concept of a **general procurement plan** was introduced, which encompasses a detailed outline of the needs of the Group's divisions, indicating the exact periods when these needs will arise.

Thus, the Group began a systematic transition to three-stage (short-term, medium-term and long-term) planning. By publishing procurement schedules in the public domain, this approach is completely transparent to external counterparties.

Procedure for screening suppliers and contractors

To ensure that procurement is competitive within the framework of the new Regulation, the Company has put in place a multistage process for vetting counterparties. The Group is developing additional criteria for assessing counterparties that take into account their technical and functional capabilities as well as financial and economic requirements.

01

Screening

A standard background check by the **Economic Security Department** aimed at identifying risks and confirming that the counterparty has the necessary experience, permits and special-purpose authorisations.

A standard finance check conducted by the **Economics and Finance Department** aimed at confirming counterparties' reliability when it comes to their financial and economic activities.

02

Accreditation of counterparties

Establishment of a list of the types of work that a counterparty may be accredited to carry out and inclusion of said counterparty in Etalon Group's Register of Accredited Contractors and Suppliers, including confirmation that the counterparty has sufficient production and human resources to perform specialised works.

Inclusion in the register enables accredited companies to participate in Etalon Group tenders worth RUB 3 million or more. Decisions to add counterparties to or remove them from the register is taken by the standing Accreditation Committee, which includes the heads of Etalon Group companies and specialised units.

03

Counterparties' qualifications

Establishment of qualification-related criteria for participants and the selection of counterparties based on qualifications. Companies are vetted in respect of their reputation for carrying out the types of work in question and to ensure that the Group has not had a negative experience working with them in the past. In addition, the maximum contract value is established

04

Strategic partnership

The Group is working hard to develop partnerships and is committed to making them mutually beneficial. Companies from the Register of Accredited Contractors and Suppliers that have enjoyed long-term, mutually beneficial partnerships with the Group may be considered for inclusion in the Group's Register of Strategic Partners. The decision to add a company to or remove it from the Register of Strategic Partners is made by Etalon Group's Board of Directors.

The Company is constantly expanding its pool of accredited suppliers and contractors to make procurement more competitive

Expansion of the pool of accredited suppliers and contractors in 2023



>9,500 COUNTERPARTIES

on the Group's list of potential suppliers



2,802 COUNTERPARTIES

were added to the Register of Accredited Contractors and Suppliers entitled to participate in Group tenders worth RUB 3 million or more

>1,700 CONTRACTS

were concluded as a result of procurement procedures carried out in 2023

Minimisation of ESG risks in the supply chain

Etalon Group pays close attention to compliance on the part of its suppliers and contractors with established sustainability requirements, including in the areas of fire and industrial safety, occupational health and safety, waste and natural resources management, and public health.

The Company carries out systematic, methodical work to monitor compliance with these requirements and purchases materials exclusively from environmentally responsible suppliers that have been duly certified.

In order to monitor ethical and legal violations on the part of suppliers, the Group has established an anonymous hotline that all participants in business processes can use to provide information aimed at preventing or stopping ethical and legal violations.

In 2023, the Company finalised its the Supplier's Code of Ethics and Contractor's Code of Ethics, which also helped identify in a timely manner or prevent sustainability risks.

Supply structure

Etalon Group carries out centralised procurement through its Tender and Procurement Department, while local procurement is carried out by the tender divisions of Etalon Group companies. The Group's procurement activities are conducted through direct interaction with counterparties, without intermediaries.

The Group is guided in its procurement activities by a partnership approach and, upon expanding into a new region of operations, it aims to develop its collaboration with partners and suppliers with a proven track record. In order to reduce added costs in the supply chain, the Company's priority is to conclude contracts directly with manufacturers or with their trading houses. All contracts follow a basic template developed and approved by the Legal Affairs Department, which enables the Company to offer uniform terms and conditions to all participants in procurement procedures.

Suppliers

	2021	2022	2023
MOSCOW			
Number of local suppliers ¹	644	745	850
Number of other suppliers	41	65	100
ST PETERSBURG			
Number of local suppliers ¹	637	710	805
Number of other suppliers	56	75	105
OTHER REGIONS			
Number of local suppliers ¹	–	128	810
Number of other suppliers	–	28	132
GROUP TOTAL			
Local suppliers ¹	1,281	1,583	1,880
Other suppliers	97	168	337
Procurement volume, RUB mln	38,204	43,335	46,600

Procurement volume

	2021	2022	2023
Procurement			
Procurement volume, RUB mln	38,204	43,335	46,600
including the volume of procurement from small and medium-sized enterprises (SMEs), ² RUB mln	31,146	39,261	41,500
Number of SME suppliers	923	1,187	1,320

¹ Companies with at least two to three years of experience working in the particular market in question with sufficient production and financial resources and that are registered in the Russian Federation and, as a rule, in a region where the Group operates.

² Companies with up to 100 employees.

Procurement automation

One of the Company's strategic priorities is to automate and digitalise its procurement activities. In 2023, the Company completed the final stage of the automation of its centralised procurement of materials:

Thanks to the installation of specialised software that automatically processes applications to supply materials, the Company was able to convert 100% of said applications into electronic form in all eight regions where it operates.

EFFECT

+21%

increase in the speed of application processing

Implementation of a project to automate procurement procedures using 1C software.

EFFECT

THE DIGITALISATION OF THE ENTIRE PROCUREMENT PROCEDURE

from the issuance of project documentation to the conclusion of a contract with the winner

Work will continue in 2024 to integrate all the software products involved in procurement-related business processes into a single digital procurement ecosystem.

EXPECTED EFFECT

2-4%

reduction in procurement costs thanks to economies of scale and centralisation

15%

further decrease in the time needed to carry out procurement



up to 80%

of the Group's procurements will be completed through independent electronic trading platforms, in line with its new Procurement Regulation

Relations with suppliers and contractors

In order to improve the procurement process, establish beneficial collaboration and improve the quality of services provided by suppliers and contractors, the Company regularly collects and analyses feedback from suppliers and contractors through two main communication channels:

01 The hotline on the Group's website

02 A checklist that contractors complete after fulfilling a contract

The checklist gives contractors and suppliers space to add all their comments and recommendations concerning their collaboration with Group divisions and companies; that feedback is then taken into account in order to create conditions for mutually beneficial cooperation.

To ensure the quality of services provided by contractors and the overall development of professionalism in the industry, the Company regularly conducts training activities:

- The Group's partners provide training for contractors on the use of new materials and equipment when delivering supplies to properties.
- Etalon Group's Quality Department and Testing Laboratory arrange training for contractors where specialised departments demonstrate the standard way to perform certain types of work in accordance with regulatory and technical documentation.
- Specialised training for staff regarding equipment installation is carried out by the manufacturer's technical experts.

2024 responsible supply chain development plan

Development of procurement-related category management in order to improve the Company's approach to procurement management, where all purchased items are combined into categories based on common technical features, areas of application and counterparties' markets.

EXPECTED EFFECT

2%-4% reduction in total procurement costs

Development of partnerships and signing of memoranda of cooperation

EXPECTED EFFECT

the development of new competencies and improved procurement efficiency

Development of the final stage of procurement automation and digitalisation
Sharing the experience gained in digital procurement with all the regions where the Group operates and in respect of every category. Development of a proprietary IT platform for carrying out procurement in a single digital ecosystem.

EXPECTED EFFECT

faster procurement procedures

Risk management

Integrated risk management system

Etalon Group's risk management complies with the generally accepted conceptual framework for risk management.

Risk management is carried out as part of the core function of all Etalon Group employees, which includes the identification, analysis, assessment and prioritisation of risks as well as the development and implementation of a set of procedures for responding to risk events and monitoring the effectiveness of the risk management process.

Risk management is an integral part of Etalon Group's strategic management, operational management, business planning and investment activities.

Risk management is aimed at providing a reasonable guarantee that the Company will be able to achieve its strategic goals and maintain its risk level within limits that are acceptable to the Company's management.

Development of the risk management system is one of the factors involved in improving the quality of strategic management decisions during a period of high uncertainty, and making it possible to identify, monitor and minimise the negative impact of critical risks on the Company's activities during periods of high volatility.

The risk management system includes the following:

- Aligning the Company's risk appetite with its strategy, ensuring that management takes the Company's risk appetite into account when assessing options for strategic development, setting goals accordingly and developing mechanisms for managing the associated risks
- Improving risk management decisions to ensure that the optimal risk management methodology is carefully selected
- Reducing the number of unforeseen events and losses in business activities by improving the ability to identify potential events and to establish methods for managing them
- Identifying and managing the full range of risks by responding effectively to interdependent risks and applying a uniform methodology to manage recurring risks
- Improving capital utilisation by obtaining reliable information on risks in order to make an effective assessment of overall capital requirements

Etalon Group's risk management principles

01

Integrated approach

We take a systematic approach to managing all types of risks inherent in our business. We support cross-functional interaction and coordination among business units when managing risks outside their specialisations, while also taking into account the interplay of risks facing different units. A single channel is in place for informing management about the entire spectrum of risks in order to ensure that the information provided for each decision-making level is complete, sound and comparable.

02

Continuity

We implement a set of consistent risk management procedures on a regular basis.

03

Feasibility

We analyse the cost of reducing a risk versus the potential damage from its realisation.

Risk management methodology

Etalon Group's management is constantly improving the methodology of the Company's risk management system.



Risk avoidance

Risk avoidance/aversion means refusing to perform certain actions or forgoing high-risk assets. Risk avoidance is applied in exceptional cases as a way to cover risks and where the cost of risk treatment is too high, or where such treatment would not reduce the risk to an acceptable level, and also where the risk cannot be passed on to a third party or when doing so would not have the desired impact.



Risk reduction

Risk control and prevention are a means of risk management that implies risk retention alongside active risk treatment on the part of the Company. Measures are aimed at reducing the probability of the occurrence of a risk event as a preventive measure and/or reducing the potential damage from the occurrence of a risk event to an acceptable level that is in line with Etalon Group's risk appetite. Risk reduction is the risk management priority by default.



Risk acceptance

Accepting a risk without treatment as a means of risk coverage is used in cases where the risk is at an acceptable level or where treatment of the impact is impossible or costly.



Risk transfer

Risk transfer is carried out in cases where treatment using Etalon Group's available resources is impossible or economically unjustified, and where the level of risk exceeds the Company's permissible level. Risk transfer can be carried out through insurance, hedging, outsourcing, etc.

Compliance system

Etalon Group's main objectives are to be highly competitive in its target market segments, combining economic success with social responsibility, which is inextricably linked with the need to operate in line with the compliance system for managing compliance risks.

The compliance system is a set of elements that are part of Etalon Group's corporate culture, values and ethics, organisational structure, and rules and procedures regulated by the Group's corresponding by-laws and its policy for managing risk and counteracting threats, all of which ensure that Etalon Group's employees adhere to the Company's compliance principles regardless of their position.

An integral part of the compliance system is the organisational structure, ethical standards for conducting business in an open and honest manner, adherence to best corporate governance practices and maintaining Etalon Group's business reputation at the appropriate level.

The compliance system's main objectives are as follows:

- to ensure that Etalon Group's activities comply with the applicable legal requirements, internal standards and other binding documents
- to manage compliance risks that arise in the course of Etalon Group's activities

Areas of compliance



Anti-corruption compliance

Covers the risks of violations of corruption laws by employees and the likelihood of involving the Company (through its employees) in situations connected with a risk of legal violations or loss of reputation.



Tax compliance

Covers tax risks and helps configure business processes to ensure that they are in line with frequently changing regulatory documents from the Federal Tax Service and the Ministry of Finance.



Construction compliance

Aimed at creating mechanisms for protection against the failure to meet deadlines and substandard workmanship, prevention of safety violations, and non-compliance with occupational health and safety requirements.



Antitrust compliance

Covers the risks of negative repercussions associated with antitrust violations (including when dealing with securities); is aimed at identifying violations by the Company, and not by the regulator; helps to prevent or considerably reduce the risks of prosecution and of the resulting costs for the Company for the payment of fines and legal fees.



Legal compliance

Aimed at avoiding lost profit for the Company. It is carried out by analysing the compliance of the Company's activities with the applicable laws and identifying risks of failure to comply with contractual obligations and of facing civil and/or administrative liability.



Procurement compliance

Facilitates the creation of an open and transparent procedure for selecting contractors on the most favourable terms for Etalon Group and promotes competition.



Data protection compliance

Prevents information leaks, insider trading and market manipulation, protects against the actions of unfair competitors, and ensures the protection of personal data.



Compliance in the area of labour relations and management of conflicts of interest

Facilitates oversight of compliance with labour law on the part of both staff and management; stipulates the procedure for identifying and resolving conflicts of interest, with the Company's interests taking precedence over personal interests.

Organisation of risk management

In developing its risk management system, Etalon Group takes into account the generally accepted conceptual framework for risk management:

- ISO 31000, Risk Management – Guidelines
- GOST R ISO 31000-2019, Risk Management – Principles and Guidelines
- the Committee of Sponsoring Organizations of the Treadway Commission (COSO) document “Enterprise Risk Management: Integrating with Strategy and Performance” (2017)
- the COSO document (concept) “Internal Control – Integrated Framework” (2013)
- the risk management standards developed by the Federation of European Risk Management Associations (FERMA) (2002), which take into account international practices (including those on risk management related to compliance with FATCA requirements) and have been adapted to the business environment that Etalon Group operates within with due regard for the specifics of the Company’s activities and management structure

Division of powers concerning risk management

The Board of Directors determines the general requirements for the risk management system, approves key risk management parameters (risk appetite), determines Etalon Group’s strategy and approves the nature and parameters of acceptable risks when making decisions in the process of achieving the Group’s strategic goals.

The Board of Directors delegates to the Audit Committee responsibility for oversight of the effectiveness of risk management and for making proposals to improve the risk management system.

With assistance from the Head of Internal Audit, the Audit Committee oversees and challenges management’s assessment of the principal risks to the Group’s strategy and the risk appetite for each of those risks, as well as the effectiveness of established risk management controls and risk prevention measures. In addition, it sets the Group’s risk management policies and procedures and monitors compliance with approved policies.

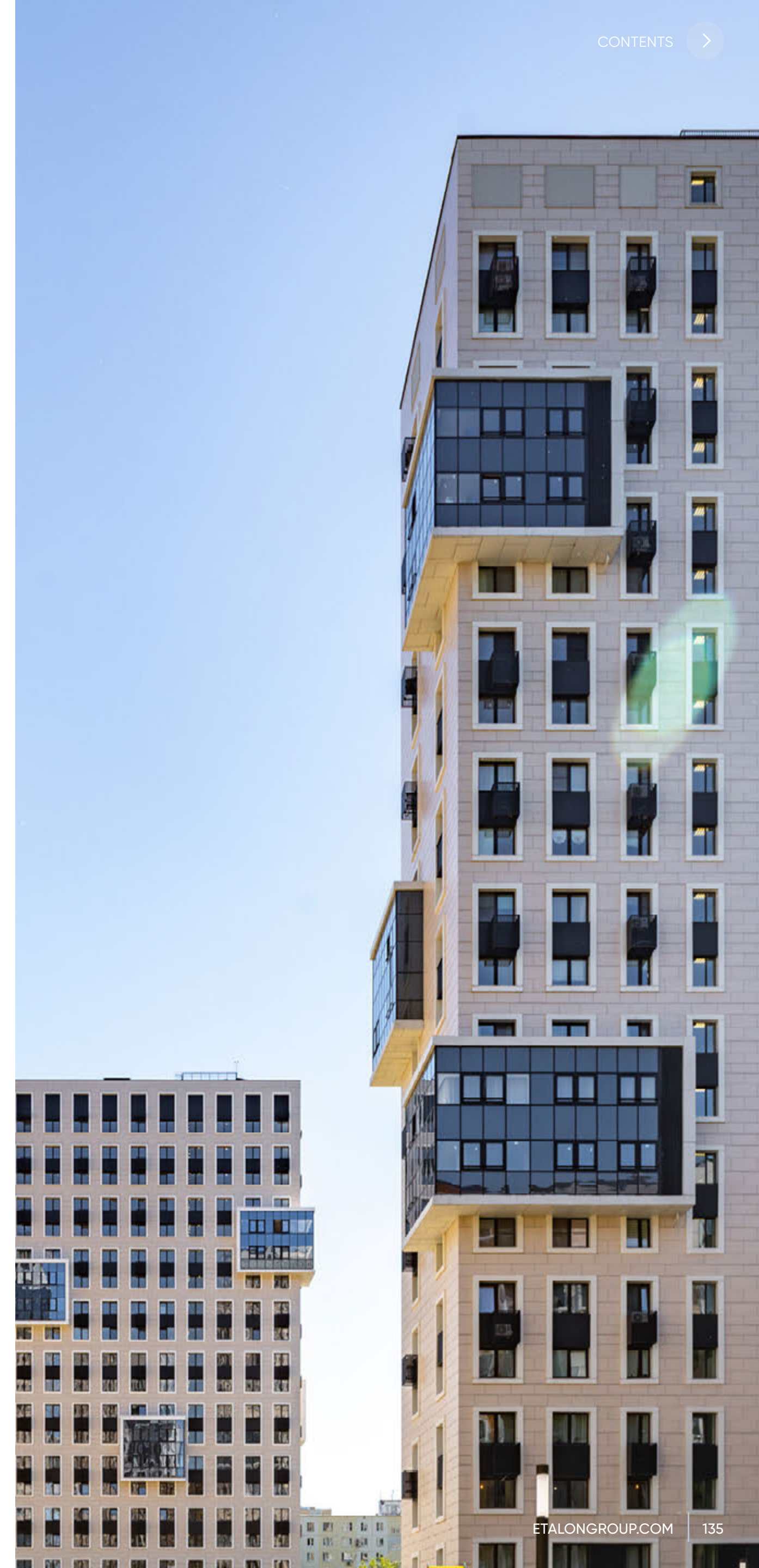
Etalon Group management (the Management Board) takes decisions within its remit with due regard for the risk management parameters approved by the Board of Directors; takes into account the current list of risks and risk appetite when developing Etalon Group’s strategy, business plans and budgets at all levels; determines the need for resources necessary for managing risks and achieving strategic and operational goals; and takes measures to develop Etalon Group’s risk management culture.

The Risk Management Committee under Etalon Group’s Management Board is responsible for developing the Company’s risk management methodology, collecting and analysing data, preparing reports and supporting interaction among business divisions in the context of the Company’s integrated risk management system.

The Committee is responsible for the following:

- developing and coordinating organisational and administrative documents for the risk management system
- developing a methodology and tools for identifying, assessing and managing risks
- analysing and clarifying the role and responsibilities of the Company’s employees and business divisions involved in risk management (including the identification of risk owners), and taking actions to improve their risk management competencies
- organising the process of establishing and updating the list of risks, assessing them in accordance with the applicable methodology, and preparing and maintaining a risk map
- arranging regular monitoring and the preparation of reports in the area of risk management
- developing proposals regarding the acceptable level of risk (risk appetite) when preparing Etalon Group’s strategy, and making management and investment decisions
- developing and monitoring the implementation of action plans to prevent, manage or respond to realised risks
- taking part in the external audit process

The Company’s business divisions implement the Risk Management Policy in their respective area and ensure timely and accurate submissions of significant risks to management.



Risk reporting

Etalon Group prepares risk reports on a regular basis.



Internal corporate reporting

- a risk report for Etalon Group JSC's Risk Management Committee: in accordance with the Committee's meeting schedule but at least once every six months
- a risk report for the Audit, Finance and Risk Committee under Etalon Group JSC's Board of Directors: as required but at least once every six months
- a report for Etalon Group JSC's Board of Directors: at the recommendation of the Audit, Finance and Risk Committee, at least once a year



Reporting for external users

- a section on risks for quarterly reports from companies that are issuers of equity securities as well as during the preparation of each securities prospectus (the information in the prospectus / quarterly reports must be disclosed in accordance with the laws of the Russian Federation on securities)
- a section on risks for Etalon Group's Annual Report: once a year in accordance with the timing of the publication of the Annual Report

Risk reporting principles

To manage risks, Etalon Group has developed reporting forms that meet the following requirements and criteria:

01

Completeness

- Reporting should cover all possible risk categories in every area of the Company's activities
- The risk management reporting system should also contain quantitative and qualitative risk assessments

02

Consistency across time and risk categories

- Reports should adhere to a common format, and updates should be made to that format on an established regular basis
- The reporting system standards adopted ensure consistency and adherence to the methodologies used within Etalon Group and in individual companies

03

Regularity

- Reporting should be prepared in a timely manner, as scheduled
- Prepared reports should be provided to Etalon Group's management bodies in a timely manner (according to the level of decision-making)
- The system for reporting on risk events should be structured in such a way that appropriate measures are taken in response if necessary

04

Veracity

- The reporting system should reflect the existing risk profile as accurately as possible

Development of the risk management system

In 2023, Etalon Group took the following steps to develop its risk management system:

- A tool was developed for stress-testing and analysing the sensitivity of the Company's key metrics to changes in externalities in the medium term.
- The impact of key risks on the Company's performance in 2024–2025 was assessed.
- Reports on the status of key risks were presented at the level of the Management Board and the Board of Directors.

The following actions for the development of the risk management system are planned for 2024:

- Introducing quarterly monitoring of key risk factors and expert assessments of expected changes, and involving key managers from the Company's business divisions in the process.
- Updating and monitoring the execution of agreed measures to mitigate key risks.
- Developing methodological and training materials on risk assessment for the Company's business divisions.

Risks

Risk	How it affects the Company	Mitigation/minimisation of the consequences	Likelihood / potential impact
Macroeconomic, industry risks			
Negative macroeconomic trends	The deterioration of the financial situation of potential buyers, a decrease in real disposable incomes, a decrease in consumer confidence and a resulting drop in demand for housing; an increase in the cost of land, materials and labour on the back of inflation.	<ul style="list-style-type: none"> • The Group's highly diversified portfolio of projects in various locations in Moscow and Russian regional markets at different stages of completion. • Developed sales channels, including a network of Etalon Group sales offices and extensive experience collaborating with agents in key regions of operations. • An established excellent reputation among homebuyers, the perception of the Group as a reliable developer with a quality product and a high degree of financial stability. • Taking advantage of ongoing opportunities provided by state programmes to support the construction industry, including state subsidies for mortgages. 	High likelihood / medium impact Risks realised
Regional risks	A deterioration in the economic situation affecting everyone conducting business activities in a certain region could have a negative impact on the economics of the Company's projects in the region in question.	<ul style="list-style-type: none"> • Analysing regional markets' growth potential and prospects in terms of demand and the potential of investment and development activities when making decisions about regional expansion. • Maintaining broad regional diversification in terms of the Company's project portfolio, reducing dependence on each individual region. 	Medium likelihood / medium impact
A decrease in consumer activity and a reduction in effective demand	<p>The Company's ability to generate revenue and grow its business is directly related to current and forecast consumer demand.</p> <p>The continued influence of factors that have a negative impact on effective demand (a decrease in the disposable income of homebuyers amid high inflation, a decrease in the affordability of mortgage loans) could have an adverse effect on the Company's financial performance and financial stability.</p>	<ul style="list-style-type: none"> • An analysis of development trends in the real estate market and its individual segments, a shift in the structure of the Company's project portfolio towards segments with the most stable level of effective demand. • The development of financial engineering tools to stimulate demand and replace preferential mortgage programmes that have been terminated. • Improving the efficiency of apartment layouts at Company projects in light of consumer preferences and the possibility of taking advantage of existing preferential mortgage programmes. • Developing innovative construction technologies that reduce construction costs and improve the product's consumer appeal. • Developing additional services and new business streams that provide stable revenue and cash collections during periods of fluctuating demand for real estate. 	High likelihood / significant impact Risks realised

Risks

Risk	How it affects the Company	Mitigation/minimisation of the consequences	Likelihood / potential impact
Regulatory risks			
<p>New changes in regulations</p>	<p>The Company operates in a business that is highly regulated; any failure to comply with regulations might negatively impact the Company's operating and financial performance.</p> <p>Stricter regulatory requirements could increase fees for developers for zoning changes, increase developers' obligations to finance transport and social infrastructure and, as a consequence, drive up the total cost of construction projects and reduce profit margins.</p>	<ul style="list-style-type: none"> Tracking actual and planned regulatory changes that could affect the Company's activities, and analysing the impact of legislative initiatives on key project-related metrics. The participation of Company representatives in industry committees established to reconcile different views and to develop potential amendments with regard to regulatory changes and additional requirements for developers. Regularly updating operational plans for ongoing projects and analysing their economic parameters in light of adjustments in total costs for zoning changes and social infrastructure. Exploring opportunities to take advantage of statutory benefits and alternative, performance-related financing mechanisms for developers. 	<p>High likelihood / medium impact</p>
Operational risks			
<p>Reduced availability of land</p>	<p>A risk of increased competition among developers for land and a risk of rising costs for the acquisition of land as well as decreased margins in the Company's main business stream. A reduction in the size of the Company's land bank could limit the Company's ability to support the launch of new projects and the volume of ongoing construction and sales, which would have a negative impact on the Company's future operating and financial performance.</p>	<ul style="list-style-type: none"> Confirmed experience and competence in the field of redevelopment and the implementation of integrated development projects and large-scale investment projects in the area of residential and other construction, which creates greater possibilities for the Group to select land plots for inclusion in its portfolio. Expansion of the land bank through inorganic growth thanks to the departure of foreign players and market consolidation on the part of large companies. Making land bank management more efficient thanks to improved process management, and increasing the number of regions of operations. As of the end of 2023, the Company was operating in eight regions; moreover, regional projects accounted for 25% of sales volumes and 15% of revenue in the Company's core segment, and the pre-PPA gross margin of regional projects was 37%. 	<p>Medium likelihood / medium impact</p>
<p>Risks associated with fluctuations in prices for the main types of raw materials, goods, works and services used by the Company in its activities</p>	<p>Sanctions imposed on Russia, the withdrawal of a large number of foreign suppliers from the Russian market and the decision of major international shipping companies to suspend operations with Russian companies led to a significant reduction in the availability of, and an increase in the prices for, foreign-made materials and equipment.</p>	<ul style="list-style-type: none"> Cost controls for the services of contractors and purchases of materials and raw materials on the part of subsidiaries. Reducing production and management costs through the introduction of new design technologies and the digitalisation of procurement and construction oversight and management. Introducing product standards and developing new construction technologies in order to optimise production costs while maintaining the target consumer features of properties under construction. 	<p>High likelihood / high impact</p> <p>Risk realised</p>

Risks

Risk	How it affects the Company	Mitigation/minimisation of the consequences	Likelihood / potential impact
	<p>Increased prices for resources (equipment and materials) and/or services as well as for construction and installation works used by Etalon Group companies in the construction process could drive up the production cost of properties under construction and, if such trends were to continue, could lead to a lower profit margin in the Company's core business segment and a reduction in the Company's bottom line.</p> <p>Any violation in terms of delivery schedules and volumes could lead to delays in the construction of properties, which, in turn, could damage the Company's reputation in the eyes of customers and result in the imposition of penalties and fines.</p>	<ul style="list-style-type: none"> • Creating strategic partnerships with major suppliers of materials, equipment and services. • Using domestic analogues of construction materials and equipment. • Developing relations with suppliers and manufacturers of construction materials and equipment that continue to ship to the Russian Federation. • Selecting the most efficient contractors and equipment suppliers through tender procedures. • When developing a strategy and conducting efficiency calculations, using conservative forecasts for stress tests and other measures aimed at improving the Company's financial stability. 	
<p>Reduced availability of, and increased prices for, construction services performed by external subcontractors</p>	<p>An inability to find qualified subcontractors and enter into subcontracting arrangements on acceptable terms could increase costs.</p> <p>Furthermore, the Company relies on external subcontractors to perform certain types of construction and development activities and therefore assumes additional risks associated with the subcontractors – poor workmanship, delays, accidents, etc.</p>	<ul style="list-style-type: none"> • Using tender procedures to identify and select the best suppliers, as well as to create a competitive environment. • The Company regularly monitors and evaluates its main subcontractors according to various criteria, and subcontractors are subject to compulsory annual accreditation to ensure compliance with the Company's requirements. • Conducting comprehensive inspections at the production sites of factories that supply concrete and mortar mixes as well as other essential construction materials. • Reducing the Company's dependence on subcontractors for construction and service maintenance thanks to its vertically integrated structure. 	<p>Low likelihood / low impact</p>
<p>Accidents at construction sites</p>	<p>Etalon Group operates in the construction industry, where workplace accidents affecting the life and health of employees could be costly in terms of potential liability and reputational damage.</p>	<ul style="list-style-type: none"> • The Company complies with relevant health and safety regulatory requirements. • All employees attend workshops on occupational safety. • All equipment is certified by the responsible authorities and also inspected by the Company. • The Company was one of the first in Russia to use building information modelling to improve safety at construction sites, having developed its own safety index, a tool for monitoring and assessing safety at construction sites. The safety index score at the Group's construction sites was 87.8% in 2023. • No workplace fatalities; LTIFR decreased steadily from 2021, from 0.43 to 0.00; and TRIR, from 0.09 to 0.00. 	<p>Low likelihood / low impact</p>

Risks

Risk	How it affects the Company	Mitigation/minimisation of the consequences	Likelihood / potential impact
<p>Increasing personnel shortage, higher costs to recruit and retain key personnel</p>	<p>The growing need for workers and specialists in the construction industry amid a deteriorating demographic situation and the exit of a portion of the able-bodied population from the labour market as well as increased labour competition between companies in the industry could cause a significant increase in the cost of recruiting and retaining qualified personnel as well as in the amount of time spent on staff sourcing, and it could also increase the risk that the Company will not have enough staff to support business growth.</p>	<ul style="list-style-type: none"> • Developing the Company's HR brand in the labour market as well as channels for recruiting new employees. • Developing mentoring and training programmes within the Company and increasing employee engagement. • Developing mechanisms for recruiting foreign workers through partnership programmes with other countries and migration agencies, and expanding the list of countries where potential workers can be recruited. • Technological and organisational development aimed at raising labour productivity. 	<p>Medium likelihood / medium impact</p> <p>Increased risks</p>
<p>Financial risks</p>			
<p>Limited access to financing</p>	<p>Real estate development is a capital-intensive industry, and the Company should always have access to capital to finance its projects. A decrease in the availability of debt financing could greatly reduce the Company's ability to launch and implement new projects.</p>	<ul style="list-style-type: none"> • The Company's long-term reputation as a reliable borrower and its stable credit ratings. In 2023, Expert RA affirmed Etalon Group's and Etalon Finance's (the Group's main bond issuer) credit rating at ruA-. • Developing relations with the biggest lenders in terms of project financing, and developing comprehensive cooperation programmes with banks. • Using a wide range of debt instruments for financing activities (public debt, corporate general-purpose loans, bridge loans, project debt) along with an optimal financing structure while taking into account the economic parameters and limitations of individual projects and business streams. • Ensuring the accumulation of sufficient cash balances in escrow accounts at the construction stage in order to pay off project debt, and taking into account the balance of funds in escrow and project debt when planning project implementation. 	<p>Medium likelihood / considerable impact</p> <p>Increased risks</p>
<p>Risk of insufficient liquidity</p>	<p>The Company's failure to meet its financial obligations could result in operational delays, damage to its reputation, increased credit rates in the short term and bankruptcy in the long term.</p>	<ul style="list-style-type: none"> • Monitoring key indicators of the Company's financial stability when planning activities and making investment decisions. As of the end of 2023, the ratio of the Company's net corporate debt to EBITDA was less than 2x. • Testing cash flow forecasts on a regular basis to identify potential cash gaps. • Maintaining enough available cash to provide sufficient liquidity and finance unforeseen expenses. • Developing options for instalment payments and using bridge loans and other debt financing instruments for the acquisition of new projects. 	<p>Medium likelihood / considerable impact</p> <p>Increased risks</p>

Risks

Risk	How it affects the Company	Mitigation/minimisation of the consequences	Likelihood / potential impact
Customers' credit risk	The Company could suffer financial losses if customers failed to meet their contractual obligations on financial instruments used for the purchase of real estate.	<ul style="list-style-type: none"> • Receivables from customers are secured against sold apartments. 	Medium likelihood / low impact
Exchange rate risks	The appreciation of foreign currencies against the rouble could lead to an increased burden for those companies that issued debt instruments in foreign currencies. Furthermore, this could lead to a price increase for imported construction materials.	<ul style="list-style-type: none"> • The Company does not have any debt instruments in foreign currencies. Its current debt structure includes rouble-denominated bonds and bank loans. • Reducing the use of construction materials and equipment whose cost depends on foreign exchange rates, and making greater use of domestic analogues instead. 	Medium likelihood / low impact
Increased cost of borrowing	<p>The increase in the Bank of Russia's key rate in 4Q 2023 led to a considerable increase in the effective interest rates on floating-rate instruments used by Etalon Group and an increase in the cost of available debt financing instruments.</p> <p>Given the industry's heavy reliance on debt, continuing high interest rates could increase financial expenses considerably and have a negative impact on the Company's financial performance.</p>	<ul style="list-style-type: none"> • Using project debt to refinance project costs incurred before the raising of project debt and financed with the Company's own funds or corporate debt. • Using floating-rate debt instruments when raising new debt in order to secure an opportunity to reduce interest expenses with a subsequent reduction in the key rate. • Monitoring the profit margins of projects under construction and potential projects to ensure a balance with the current cost of project financing, and stress-testing projects when deciding on financing terms. 	<p>High likelihood / significant impact</p> <p>Risk realised</p>

Risks



Corporate governance

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Corporate governance

Etalon Group considers business ethics to be of the utmost importance, in particular internationally recognised principles concerning sustainability and corporate social responsibility.

The Company actively encourages its employees to comply with the Code of Ethics, which formulates and enshrines the core principles for the type of collective and individual behaviour that is required in the workplace. The Company prides itself on strictly adhering to these high standards in its relations with shareholders, investors, government agencies, business partners and employees, as well as when applying these standards during the implementation of projects in every area in which it operates.

Management of the Company's operations at various levels is carried out by the General Meeting of Shareholders as well as the Board of Directors and its committees. The committees, for their part, act in strict accordance with the Company's statutory documents, decisions adopted by the General Meeting of Shareholders as well as applicable legislation.

Etalon Group implements a system of corporate governance that successfully combines elements of management and cooperation. This approach provides a solid foundation for effective decision-making. The Company continues to adhere to high standards of corporate governance that are based on the following principles:

01

equal treatment of all shareholders and strict protection of their legitimate interests and rights

02

timely disclosure of reliable and accurate information about the Company's activities

03

qualified and reliable maintenance of the shareholder register

04

open dialogue with all stakeholders and recognition of their rights and legitimate interests

05

accountability of the Board of Directors to shareholders, and accountability of executive bodies to the General Meeting of Shareholders and the Board of Directors

General Meeting of Shareholders

The Annual General Meeting of Shareholders (AGM) was held on 15 December 2023. The following resolutions were proposed at the AGM, and each of the following resolutions was passed by the requisite majority of votes:

01

To consider and approve by way of ordinary resolution the Company's consolidated financial statements for the financial year ended 31 December 2022 together with the reports of the directors and auditor thereon and Etalon Group PLC's stand-alone financial statements for the financial year ended 31 December 2022 together with the reports of the directors and auditor thereon, and to ratify actions taken for the submission of the financial statements by the Secretary with the Cyprus Registrar of Companies.

02

To appoint by way of ordinary resolution NSP Sagehill Partners Ltd as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which accounts are laid before the Company.

03

To authorise by way of ordinary resolution the directors to set the auditor's remuneration.

04

To consider and approve by way of ordinary resolution the Company's unaudited interim financial statements.

05

To approve by way of special resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the personal law *lex societatis* of the Company shall be changed from Cypriot law to Russian law.

06

To approve by way of special resolution that the Company shall seek the consent of the Cyprus Registrar of Companies, in accordance with the provisions of the Companies Law to continue its existence as a legal entity in a jurisdiction outside the Republic of Cyprus by transferring its registered office from the Republic of Cyprus to the Oktyabrskiy Island special administrative region (Kaliningrad region, Russian Federation).

07

To approve by way of special resolution that, from the date of the Company's registration as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the Company's current Articles of Association and Charter shall be replaced by a new Charter, primarily in the form of the draft considered by shareholders, subject to minor amendments to the new Charter at the discretion of the directors.

08

To approve by way of special resolution that the Company shall proceed with its deregistration from the Register of the Registrar of Companies in Cyprus and with the transfer of its registered office to the Oktyabrskiy Island special administrative region, Kaliningrad region, Russian Federation and its registration as a going concern in the form of an international public joint-stock company in accordance with the legal regulations of the Russian Federation without being dissolved and without being reincorporated. The head office of the Company the Oktyabrskiy Island special administrative region is proposed to be established not later than 9 months from the date of this resolution.

09

To approve by way of special resolution the change of name of the Company from the date of registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation as follows:

- the full name of the Company in Russian: Международная компания публичное акционерное общество «Эталон Групп»
- the short name of the Company in Russian: МКПАО «Эталон Групп»
- the full name of the Company in English: Etalon Group international public joint-stock company
- the short name of the Company in English: Etalon Group IPJSC

10

To approve by way of ordinary resolution that, from the date of the Company's registration as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, and only from the date of such registration:

- the par value of the Company's shares will be expressed in Russian roubles and will be equivalent to the par value of the Company's shares in pounds sterling at the official exchange rate set by the Bank of Russia as of 14 November 2023
- the Company's charter capital will be expressed in Russian roubles

11

To approve by way of ordinary resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the issued share capital of the Company will be converted from GBP 39,172.2681, divided into 383,445,362 ordinary shares with a par value of GBP 0.00005 each and 20,000 preferred shares with a par value of GBP 1.00 each, to RUB 4,401,634.99455141, divided into 383,445,362 ordinary shares with a par value of RUB 0.005618305 each and 20,000 preferred shares with a par value of RUB 112.3661 each.

12

To approve by way of ordinary resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, REESTR JSC (OGRN 1027700047275) be appointed as the registrar that will maintain the shareholders' register of the Company in Russia.

13

To approve by way of special resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the seat of the Company shall be changed to Oktyabrskiy Island, Kaliningrad, Kaliningrad region, Russian Federation.

14

To approve by way of ordinary resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the Company shall undertake to make investments in the Russian Federation in the amount of RUB 50,000,000 within one year after its redomiciliation to the Russian Federation in the form stipulated by the laws of the Russian Federation.

15

To approve by way of ordinary resolution that Sergey Valerievich Egorov, Gennadiy Filippovich Shcherbina, Igor Nikolaevich Kashcheev and Viktoriia Gusmanovna Iareeva are hereby authorised (without issuing power of attorney) to fully represent the Company in the Russian Federation before any Russian authorities (including the Bank of Russia and the Kaliningrad Region Development Corporation JSC) and to make any decisions on any matters related to the transferring of the Company's registered office and state registration of the issue of the Company shares, including but not limited to executing, signing, submitting, amending and negotiating any respective documents (including but not limited to the resolutions on the issuance of shares and the prospectus of shares), forms required to establish the Company as an international public joint-stock

company under the laws of the Russian Federation, to issue a confirmation that there are no circumstances preventing state registration of the Company as an international public joint-stock company under the legal regulations of the Russian Federation, and to issue any powers of attorney to third parties in connection herewith, submit any required, applications and declarations, certify by a signature the authenticity of copies of documents submitted to Russian authorities, pay, on behalf of the Company, the state fees levied in accordance with the legislation of the Russian Federation on taxes and duties for the registration of the share issue and the prospectus of share, request and obtain any documents and explanations from Russian authorities, as well as to delegate these powers under powers of attorney.

16

To approve by way of ordinary resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, the following persons shall be appointed as members of the Board of Directors of the Company:

- Sergey Valerievich Egorov
- Gennadiy Filippovich Shcherbina
- Vitaly Nikolaevich Pyltsov
- Alexander Stalievich Voloshin
- Marina Evgenevna Ogloblina

17

To authorise by way of ordinary resolution the board to approve the resolutions on issuance of ordinary and preferred shares of the Company for the Company's registration in the Russian Federation.

18

To authorise by way of ordinary resolution the Board of Directors to approve the Share Issue Prospectus for the Company's registration in the Russian Federation.

19

To approve by way of ordinary resolution that, with effect from the date of the registration of the Company as an international public joint-stock company in the Unified State Register of Legal Entities of the Russian Federation, Sergey Valerievich Egorov be appointed as chief executive officer of the Company.

20

To authorise by way of ordinary resolution any one of the directors and/or the secretary of the Company to take all necessary actions on behalf of the Company to give effect to the above resolutions, including, inter alia, to approve any documents, applications and declarations of the Company, to complete and file the relevant documents and applications with any competent authority and make all necessary assurances, affidavits, declarations and publications for the proper completion of the Company's redomiciliation from the Republic Cyprus to the Russian Federation.



Board of Directors

6

Directors

The Board of Directors consists of six members, including one executive director and five non-executive directors, four of whom are independent.

The Board of Directors' primary objective is to ensure the Company's long-term success and stable returns for shareholders.

Setting and overseeing the fulfilment of strategic goals as well as ensuring effective management of the Company's financial and human resources are important elements of the Board's remit. The Board also analyses the effectiveness of existing management practices and determines the Company's appetite for possible risks that could arise in the future. The Board of Directors leads by example in establishing a high-performance management culture.

The Board of Directors' advisory functions are an important part of its activities: the Board complements and supports the executive team as it implements the Company's strategy.

The Board believes that it has the necessary skills and experience to provide effective leadership and oversight of the Company. When recommending directors for appointment, the Remuneration and Nomination Committee ensures that there is an appropriate balance of skills, experience and backgrounds necessary for the Company's success.

The Board of Directors includes independent directors and non-executive directors. Independent directors are an important element of the contemporary corporate governance system. The essential features of independent directors are their autonomy, independence of decision-making and impeccable business reputation. Independent directors play an important role in determining the Company's development strategy and assessing the performance of the risk management and internal control systems. The Company highly values the contribution of independent directors in enhancing the effectiveness of the Board of Directors.

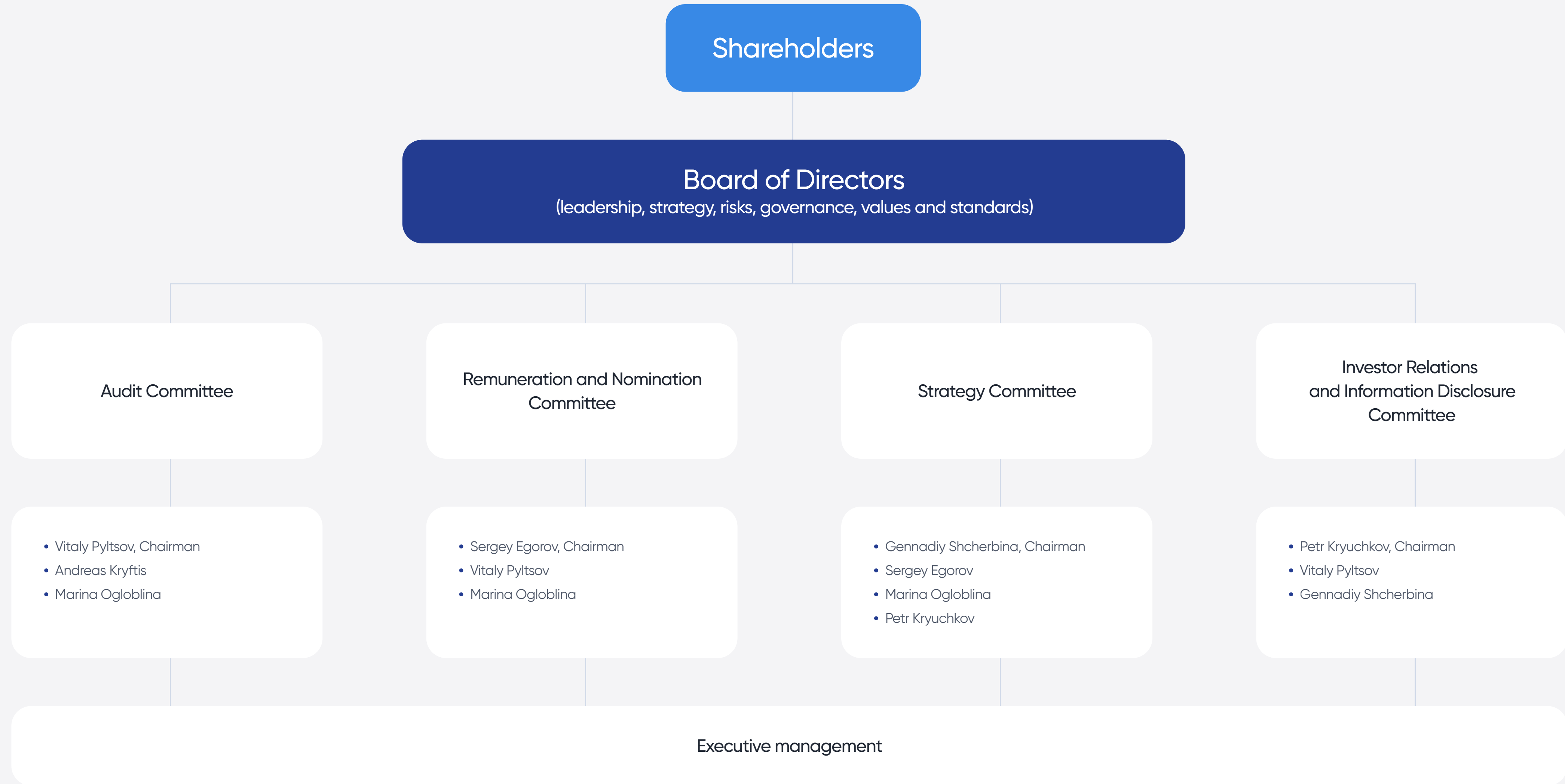
The non-executive directors provide an essential independent element to the Board and a solid foundation for strong corporate governance. They are responsible for constructively challenging the strategies proposed by the executive directors and scrutinising the performance of the management team in achieving stated goals and objectives. They also play a key role in the functioning of the Board and its committees. Between them, the current non-executive directors have an appropriate balance of qualifications, experience, knowledge and independent judgement to undertake their roles effectively.

In order to judge the performance of the Board of Directors and its committees as well as the compliance of their work with the Group's development needs and to identify areas where the work of the Board of Directors and its committees could be improved, the Board of Directors conducts an annual self-assessment concerning its performance and that of its committees.



Corporate governance structure

As of 24 April 2024, the Board of Directors and its committees were structured as follows:



Board of Directors¹



Sergey Egorov

Chairman of the Board of Directors,
Non-executive Director

Sergey Egorov was born in 1982. He graduated from the Kyrgyz State National University in 2004 with a degree in finance. Since 2012, he has worked at Sistema, currently as Managing Partner and before that as the Director of Special Projects.

Sergey also sits on the boards of directors of certain Sistema portfolio companies. Before joining Sistema, Sergey was a Vice President at Intellect Telecom, and he also has significant experience at several other companies, including Sberbank Capital, United Capital Partners and Ernst & Young.



Gennadiy Shcherbina

Chief Executive Officer

Gennadiy Shcherbina was born in 1955. Having started his career in 2003, he has over 20 years of experience in the construction industry. He has been the Head of Etalon Group's St Petersburg operations since 2007. Gennadiy has a candidate of sciences degree in economics, and he graduated from the Marshal A. A. Grechko Naval Academy and St Petersburg State University of Architecture and Civil Engineering.



Alexander Voloshin

Independent Non-executive Director

Alexander Voloshin was born in 1956. He graduated from the Moscow Institute of Transport Engineers in 1978 and then from the All-Union Academy of Foreign Trade. He has over 30 years of experience in economics, investment and asset management. He has spearheaded a number of investment funds and brokerage companies; in 1997–1998, he was a member of the Exchange Council of Moscow Exchange. He later held senior positions in the Russian Presidential Administration: aide (1997–1998), Deputy Chief of Staff to the Russian President (1998–1999) and Chief of Staff to the Russian President (1999–2003). Alexander has served as the Chairman of the Board of Directors of RAO UES, Norilsk Nickel, Uralkali and Freight One. He is currently a partner and co-owner of the venture capital fund Genome Ventures.



Marina Ogloblina

Independent Non-executive Director

Marina Ogloblina was born in 1957. She graduated from the Moscow Finance University in 1980 with a degree in finance. Until recently, she served as Minister for Construction and the Residential and Utility Sector of the Moscow region, before being appointed as an advisor for construction (with ministerial rank) to the regional governor.

Prior to that, she worked for 20 years in economic planning roles in the Moscow city administration. She was later appointed Minister and Head of the Department of Economic Policy and Development, and she also headed the city's Office of the Comptroller-General.

Marina began her career at the State Bank of the USSR before being appointed a senior auditor for two districts of Moscow at the Russian SFSR Finance Ministry's Audit Directorate. She also served as a professor and the head of the Department of Finance, Accounting and Audit at the Moscow government's Moscow State University of Administration.



Vitaly Pyltsov

Independent Non-executive Director

Vitaly Pyltsov has 30 years of experience in finance, audit and management, including strategy development at Russian and international companies. For more than 20 years, Vitaly worked at Russian and international offices of Ernst & Young in a number of positions, including COO for the CIS region and Audit Partner. From 2013 to 2015, he was COO of the Russian Direct Investment Fund (RDIF) and Co-COO of the Russia–China Investment Fund, a company created by the RDIF and the China Investment Corporation. In 2021–2022, he served as an independent director and head of the Audit Committee at Renaissance Insurance Group.

Vitaly graduated with distinction from the Moscow Institute of Finance (now the Financial University Under the Government of the Russian Federation) in international economic relations, including studies at Humboldt University in Berlin.



Andreas Kryftis

Independent Non-executive Director

Andreas Kryftis has more than 15 years of experience in corporate finance, investments and tax planning. Currently, as the Head of the Accounting and Tax Department at Fiduciana Trust (Cyprus) Limited, Andreas specialises in consulting on tax planning, dealing extensively with audit and tax issues. Prior to that, Andreas dealt with audit issues at KPMG (Cyprus). He graduated from Manchester University and is a member of the Association of Chartered Certified Accountants.

¹ As of 24 April 2024.

The following table provides

the name, age, year of appointment and position on the Board of Directors of each director:

Name	Age (as of the date of publication)	Position	First year appointed
Sergey Egorov	41	Chairman of the Board of Directors, Non-executive Director	2019
Gennadiy Shcherbina	69	Chief Executive Officer	2021
Marina Ogloblina	67	Independent Non-executive Director	2019
Alexander Voloshin	68	Independent Non-executive Director	2021
Vitaly Pyltsov	56	Independent Non-executive Director	2022
Andreas Kryftis	41	Independent Non-executive Director	2023

Board attendance during the year

Имя, фамилия	Attendance at in-person Board meetings (a total of 5 meetings in 2023)	Attendance at Board meetings in absentia (written resolutions) (a total of 17 meetings in 2023)
Sergey Egorov	5	17
Gennadiy Shcherbina	5	17
Marina Ogloblina	5	17
Alexander Voloshin	5	17
Vitaly Pyltsov	5	17
Andreas Kryftis	3	15

In 2023, the Board of Directors held

5

in-person meetings

17

meetings in absentia

Matters specifically reserved for the Board:

- approval of the Company's long-term objectives and corporate strategy
- approval of material acquisitions, disposals, investments, contracts, expenditures and other transactions
- approval, following a recommendation from the Audit Committee, of interim and final results, the annual report and financial statements, including the corporate governance statement, the dividend policy and any declaration of interim dividends and the recommendation of final dividends
- approval, following a recommendation from the Remuneration and Nomination Committee, of any appointments to the Board and other key senior management posts
- review, following a recommendation from the Audit Committee, of the effectiveness of the internal control and risk management systems
- approval of the Company's corporate governance policies and procedures

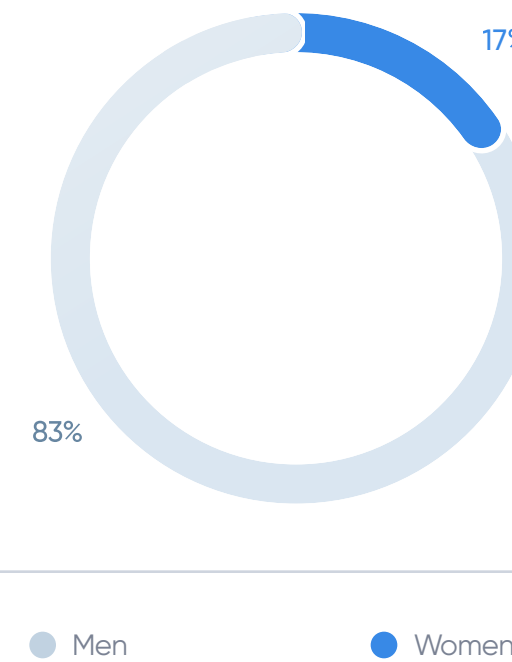
Board focus during the year:

In 2023, the Board of Directors addressed a wide variety of issues, including the following:

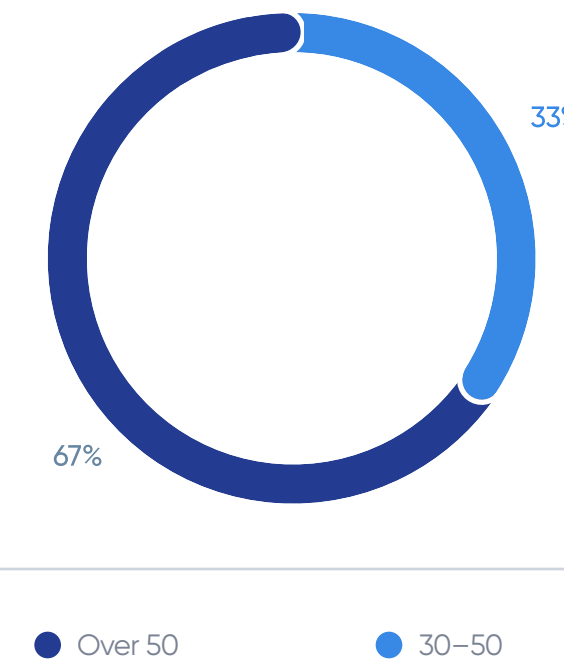
- business strategy
- budgets and long-term plans for the Company
- the Company's dividend policy and sustainability policy
- estimates of future cash flows, financing arrangements and fundraising
- development of the Company's corporate governance
- the performance of individual Company divisions and of the Group as a whole, future capital expenditures
- financial statements and disclosures
- review of Board committee reports
- shareholder feedback and reports from brokers and analysts
- risk management and risk oversight

Board composition

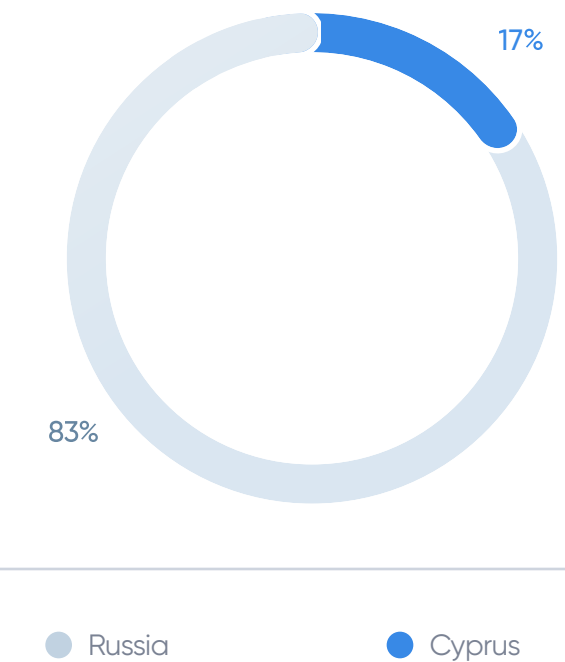
Board gender diversity¹



Board members by age¹



Nationality of Board members¹



Remuneration

The principles, grounds, conditions and procedure for payment of remuneration to members of the Board of Directors are set out in the Policy on Remuneration and Compensation Payable to Members of Board of Directors, approved by the Board of Directors on 17 July 2020.

According to this policy, remuneration for participation in the work of the Board of Directors is paid only to independent directors and consists of the following elements (all amounts are before tax):

€56,190

Basic remuneration for participation in the work of the Board of Directors

€18,730

Additional remuneration for chairing one of the Board committees

€9,365

Additional remuneration for participating in the work of one of the Board committees



Reimbursement of expenses

¹ As of 24 April 2023.

Remuneration is paid in cash on a quarterly basis, in equal instalments at the end of the corresponding quarter but not later than 10 working days after the end of the quarter.

Board committees

The Board has delegated specific responsibilities to four committees: the Audit Committee, the Remuneration and Nomination Committee, the Strategy Committee, and the Investor Relations and Information Disclosure Committee.

All of the above-mentioned committees act within their remit, report to the Board on their activities and take decisions or make recommendations to the Board concerning issues within their remit.

AUDIT COMMITTEE

As of 24 April 2024, the members of the Audit Committee were as follows:

Vitaly Pyltsov

Committee Chairman and Independent Non-executive Director

Marina Ogloblina

Independent Non-executive Director

Andreas Kryftis

Independent Non-executive Director

Responsibilities

- monitoring the integrity of the financial statements of the Company and the Group prepared under International Financial Reporting Standards (the "Financial Statements")
- reviewing the Group's internal controls and risk management systems
- monitoring and reviewing the effectiveness of the Group's internal audit function ("Internal Audit")
- making recommendations to the Board, for shareholders' approval at a general meeting, concerning the appointment of the external auditor and approval of the remuneration and terms of engagement of the external auditor
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by an external audit firm

The Audit Committee held a number of meetings in 2023, where the key matters for consideration were the following:

- the year-end financial results, together with the corresponding report of the external auditor
- the half-year interim results, together with the corresponding report of the external auditor
- matters raised by the external auditor as part of the audit process and requiring the attention of management as well as the actions taken by management to address those matters
- reviewing the results of the tender for auditing consolidated and individual financial statements
- reviewing the performance and independence of the external auditor
- recommendations to the Board of Directors on the appointment of an external auditor and the fee for audit services
- approving any non-audit services proposed to be undertaken by the external auditor during the year
- receiving reports from Internal Audit on the results of their work and considering the remedial actions taken by management in respect of any matters arising
- reviewing the accounting policy adopted by the Group and approving any changes to this policy on the recommendation of management or the external auditor

Internal audit

The Group's Internal Audit function provides independent, objective assurance and advisory oversight of the Company's operations and systems of internal control and helps the business accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The Audit Committee regularly meets with the head of Internal Audit without management present.

External audit

The Audit Committee is satisfied with the performance of NSP Sagehill Partners Ltd. The Audit Committee also reviewed and approved the non-audit services that NSP Sagehill Partners Ltd provided for the Group and confirmed that the provision of such services did not affect the auditor's independence. The Audit Committee regularly meets with the external auditor without management present.

Internal control and risk management systems

The Audit Committee and the Board as a whole continue to ensure that effective risk management systems are adopted to make certain that key risks faced by Etalon Group are identified and evaluated. Appropriate limits and controls are set, maintained and monitored to ensure compliance. In particular, the risk management framework identifies risks that might, if not properly managed, materially affect the Group's ability to achieve its objectives or that could lead to a significant deterioration in the Group's financial results.

The Audit Committee periodically reviews risk management policies and systems to ensure that they remain appropriate, relevant and comprehensive, taking into account any variations in market conditions and the Group's activities. Reviews also consider whether identified risks are being managed effectively. The Audit Committee is responsible for overseeing how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework. In this, the Audit Committee is assisted by the Internal Audit function.

While progress is being made in this area, the Audit Committee continues to monitor the Group's risk management processes and to ensure that they are supported and adjusted.

Although only members of the Audit Committee are entitled to attend meetings, the lead partner of the external auditor, the head of Internal Audit and other members of senior management are invited to attend meetings as necessary and appropriate.

REMUNERATION AND NOMINATION COMMITTEE

As of 24 April 2024, the members of the Remuneration and Nomination Committee were as follows:

Sergey Egorov

Committee Chairman, Chairman of the Board of Directors, Non-executive Director

Vitaly Pyltsov

Independent Non-executive Director

Marina Ogloblina

Independent Non-executive Director

Responsibilities

The Committee advises the Board of Directors on the remuneration of executive management and other senior employees, and reviews the terms and conditions of employment agreements for all senior appointments.

The Committee is also responsible for drafting the selection criteria and appointment of members of the Board of Directors and for reviewing the Board's structure, size and composition on a regular basis.

In undertaking this role, the Committee considers the skills, knowledge and experience required at a given stage of Etalon Group's development and the requirements of current legislation, and makes recommendations to the Board as to any changes.

The Committee also considers and makes recommendations regarding the membership of the Audit Committee, Strategy Committee, and Investor Relations and Information Disclosure Committee.

The Committee held a number of meetings in 2023 where it considered changes in the membership of the Board of Directors and its committees.

STRATEGY COMMITTEE

As of 24 April 2024, the members of the Strategy Committee were as follows:

Gennadiy Shcherbina

Committee Chairman, Chief Executive Officer

Sergey Egorov

Non-executive Director

Marina Ogloblina

Independent Non-executive Director

Petr Kryuchkov

Deputy CEO for Corporate Investments and Strategy at Etalon Group

Artyom Zasursky

Responsibilities

The Strategy Committee's terms of reference set out its responsibilities in detail. In summary, the Strategy Committee's role is to assist the Board in fulfilling its oversight responsibilities relating to Etalon Group's medium- and long-term strategic direction and development.

The Strategy Committee provides recommendations and expertise so that strategic options may be explored fully before being tabled at Board meetings for deliberation and approval.

INVESTOR RELATIONS AND INFORMATION DISCLOSURE COMMITTEE

As of 24 April 2024, the members of the Investor Relations and Disclosure Committee were as follows:

Petr Kryuchkov

Deputy CEO for Corporate Investments and Strategy at Etalon Group

Gennadiy Shcherbina

Chief Executive Officer

Vitaly Pyltsov

Independent Non-executive Director

Responsibilities

The Investor Relations and Information Disclosure Committee is responsible for improving communication between institutional investors, shareholders and other stakeholders arising from the Company's public status and determining the key principles for information disclosure. The Committee analyses Etalon Group's Information Disclosure Policy on a regular basis and makes recommendations to the Board regarding any changes.

CHIEF EXECUTIVE OFFICER

Etalon Group's Chief Executive Officer is Gennadiy Shcherbina¹, whose key responsibilities are:

- implementation of strategic and business decisions as approved by the Board of Directors
- management of day-to-day operations
- representation of Etalon Group's interests in negotiations pertaining to any transactions made by Etalon Group companies

¹ As of 24 April 2024.

Investor and shareholder interactions

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Shareholder interactions: solving infrastructure issues

Etalon Group has been a successful player in capital markets for over 12 years. The Company is constantly adapting its IR strategy to the market environment and internal changes. Its current IR strategy is focused on increasing the number of retail shareholders and improving interactions with them.

The key goal of Etalon Group's IR team and management in 2023 was to remove restrictions that arose due to certain sanctions provisions and that were hindering all shareholder groups in exercising their rights. In 2023, the Company took a series of steps to remove these restrictions:

Throughout the process of resolving its infrastructure issues, Etalon Group was committed to ensuring maximum transparency by informing stakeholders about the key steps and initiatives that were taken.

15 MAY 2023 [↗](#)

Etalon Group announces its intention to obtain a primary listing on Moscow Exchange

The Company decided to change its listing status on Moscow Exchange to primary by registering a prospectus for its existing GDRs with the Bank of Russia and obtaining permission to admit its existing GDRs to public trading in Russia.

7 JULY 2023 [↗](#)

Etalon Group is granted a primary listing on Moscow Exchange

In July 2023, the Bank of Russia registered the Company's GDR prospectus in accordance with Bank of Russia Regulation No. 714-P of 27 March 2020 and Bank of Russia Directive No. 5951-U of 29 September 2021 and admitted Etalon Group's GDRs to public trading in Russia. The Company thus completed the procedure for changing its listing status on Moscow Exchange to primary.

17 MAY 2023 [↗](#)

Etalon Group begins the process of changing its depositary bank

The Company announced its decision to change the depositary bank managing its GDR programme. At the time of the announcement, the operator of its GDR programme was the Bank of New York Mellon, which was providing the Company with custody services in accordance with a depositary agreement of 12 April 2021. RCS Issuer Services S.A.R.L. was chosen as the new depositary.

18 JULY 2023 [↗](#)

Etalon Group announces its intention to delist its GDRs from the London Stock Exchange

The Company's Board of Directors adopted the corresponding resolution on 17 July 2023. Etalon Group had a primary listing on the Main Market of the London Stock Exchange since 2011. In connection with the effective suspension of trading in the Company's GDRs as of 3 March 2022, Etalon Group sent a request to the United Kingdom's Financial Conduct Authority to delist its GDRs, as well as a request to the London Stock Exchange to cancel the admission to trading of its GDRs on the Exchange's Main Market.

Shareholder interactions: solving infrastructure issues

3 OCTOBER 2023 [↗](#)

Etalon Group announces the division of its GDR programme

Etalon Group signed an agreement with the Bank of New York Mellon, the operator of its GDR programme, to divide the Reg S tranche (ISIN US29760G1031) of its GDRs from the rule 144A tranche (ISIN US29760G2021).

In accordance with the agreement, the Bank of New York Mellon transferred the Company's Reg S tranche to the new depositary bank, RCS Issuer Services S.A.R.L, on 6 November 2023. At the same time, the Bank of New York Mellon remained the operator of the rule 144A tranche until its cancellation.

15 DECEMBER 2023 [↗](#)

The Annual General Meeting of Shareholders resolves to redomicile the Company

On 15 December 2023, Etalon Group held its Annual General Meeting of Shareholders in Nicosia, Cyprus. [All issues submitted for consideration at the AGM](#) were adopted by the required majority of votes. Among other things, a special resolution was adopted enabling the Company to begin the process of removal from the Companies Register in Cyprus and to transfer its legal address to the Oktyabrskiy Island special administrative region, in the Kaliningrad region of the Russian Federation, and to register as a going concern in the form of an international public joint-stock company in accordance with the laws of the Russian Federation and without dissolution or re-formation.

7 NOVEMBER 2023 [↗](#)

Etalon Group completes the change of the depositary bank for its GDR programme

RCS Issuer Services S.A.R.L became the new operator of the Company's Reg S GDR programme; the agreement with the depositary bank entered into force on 6 November 2023.

Additional information about the new depositary is available on its website: <https://www.rcsgroup.lu>.

7 FEBRUARY 2024 [↗](#)

Etalon Group completes the procedure for delisting its GDRs from the London Stock Exchange

In connection with the Company's filing, the listing on the Official List of the United Kingdom Financial Conduct Authority was terminated, and the admission of the Company's GDRs to trading on the Main Market of the London Stock Exchange was cancelled, starting from 7 February 2024.

Share value

In 2020, the Company successfully completed the listing of its GDRs on Moscow Exchange. Etalon Group's securities are included in Moscow Exchange's Level 1 quotation list, and its GDRs are included in the Broad Market Index as well as the SMID Index and the Construction Index (Moscow Exchange and RTS). Since July 2023, Etalon Group has had a primary listing on Moscow Exchange.

Etalon Group GDR performance in 2023

Etalon Group's GDRs gradually recovered from the beginning of 2023. With growth of 80%, the Company's securities outperformed those of its peers and the stock market as a whole, approaching a level unseen since early February 2022.



MOEX

as of 29 December 2023

Code	ETLN: ME
Full name	Global depositary receipts for ETALON GROUP PLC ordinary shares
Short name	ETLN-gdr
Type of security	Depositary receipts for shares of a foreign issuer
Listing level	Level 1
ISIN number	US29760G1031

32 RUB BLN

market capitalisation

18.76 RUB BLN

trading volume in 2023

GDR PRICE

83.22 RUB

closing price

98.00 RUB

52-week high

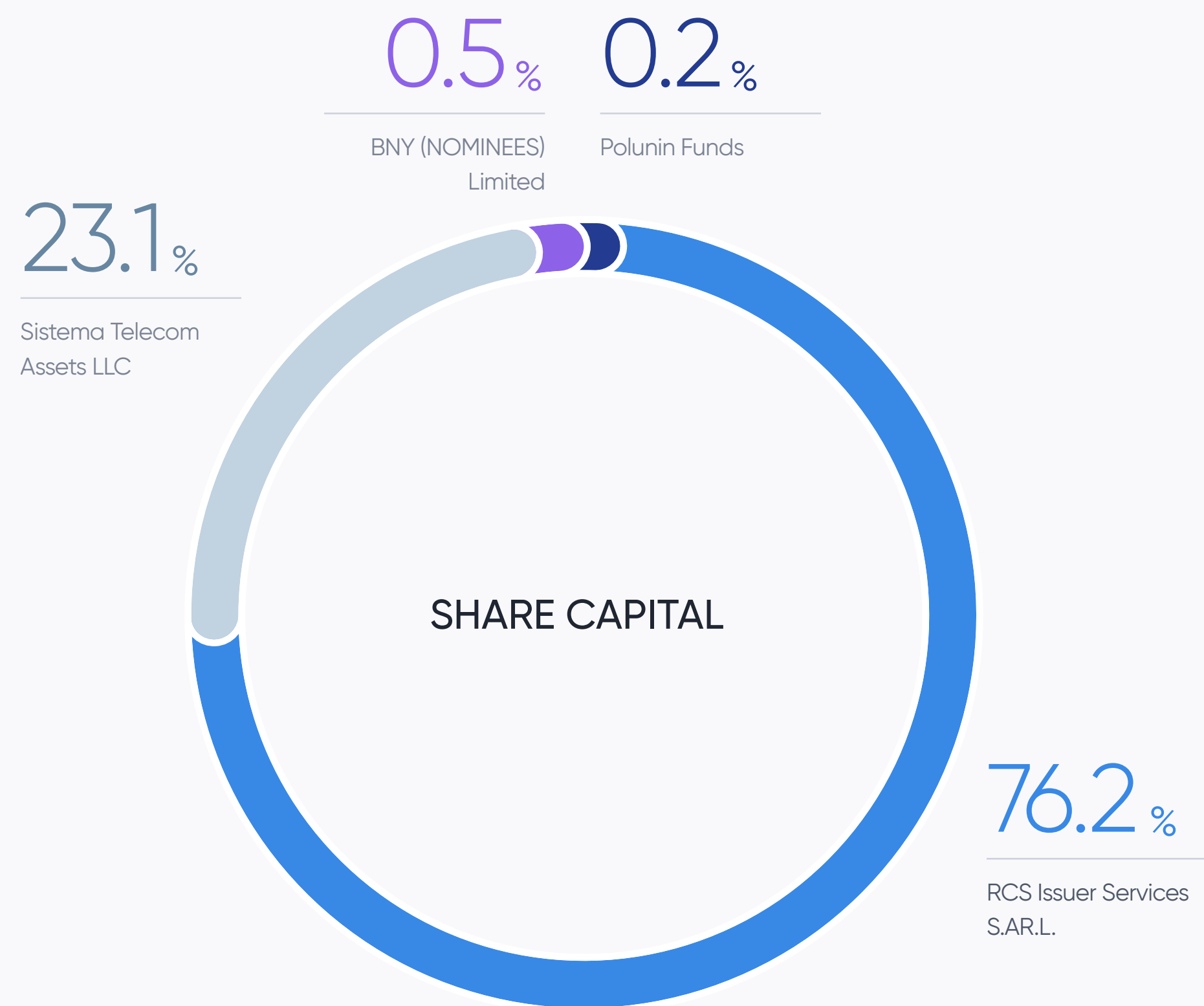
46.12 RUB

52-week low

Ownership structure

As of the end of the 2023, the Company had 383,445,362 outstanding ordinary shares in addition to 20,000 redeemable preference shares with neither voting rights nor the right to receive dividends. In 2023, the Company did not issue additional GDRs or conduct any GDR buyback programmes.

As of 6 November 2023, the Company was aware of the following shareholder structure:



Dividend policy

Etalon Group's dividend policy is based on balancing the Company's interests with those of its shareholders. Beginning in 2013, Etalon Group systematically raised the target level for its dividend payments from 15%–30% to 40%–70% of net profit under IFRS, as approved in May 2017.

In January 2020, Etalon Group established a minimum annual payment as a temporary measure aimed at reducing the negative impact on shareholders of reduced profitability and of the specifics of accounting for the acquisition of Leader-Invest in 2019; in 2021, however, the Board of Directors decided to return to calculating dividends as a percentage of net profit in order to ensure a proportional increase in dividend payments as the business grows.

To make dividend payments more predictable, the basis for distribution was adjusted and is now based on pre-PPA net profit; in addition, the dates for recommending and paying out dividends are fixed.

Since 2022, the complex geopolitical situation, certain sanctions provisions and mutual restrictions, including in respect of the payment of funds through international payment and clearing systems, have restricted the Company's ability to pay out dividends in line with the current dividend policy to all groups of Company shareholders.

Based on the principles of the equality of interests of all groups of shareholders, the Board of Directors decided to postpone consideration of the issue of dividend payments for 2022 until the restrictions that are currently in place are lifted.



Investor relations

In order to ensure that securities market participants are aware of our activities, we develop long-term relationships through continuous dialogue with a wide range of investors.

As part of our regulatory disclosures, we published the following information throughout the year:

- ✓ results of shareholder meetings
- ✓ results of key meetings of the Board of Directors
- ✓ information on the key stages involved in resolving the infrastructure issue
- ✓ information on important personnel changes in the management structure
- ✓ quarterly operating results
- ✓ financial results for the half-year and year
- ✓ all of the Company's results for the reporting year in our Annual Report

In accordance with best practices when it comes to relations with investors and other stakeholders, we also published additional relevant information about our business:

- ✓ our performance during the reporting period when it comes to ESG-related issues, in our first stand-alone Sustainability Report
- ✓ news about important stages of project implementation, including obtaining permits, the start of sales and deliveries
- ✓ visual information on the status of project implementation
- ✓ the results of appraisals of our project portfolio

Etalon Group is constantly improving the quality of its disclosure and continues implementing best practices and improving the transparency of its operations.



ANNUAL
REPORT
COMPETITION

In 2023, Etalon Group won the 26th Moscow Exchange Annual Report Competition in the Best Annual Report: Investment Case category

Working with investors: increasing transparency

The structure of the Russian stock market has changed: as of the end of 2023, institutional investors accounted for about 28% of turnover; individuals, 72%.¹

The Company is committed to developing its IR communications in order to ensure successful interactions with all groups of investors and to drive interest on the part of long-term investors focused on business growth.

In 2023, Etalon Group communicated with institutional investors by means of correspondence and calls with investment funds and management companies.

The Company also adapted its strategy for communicating with private investors and is committed to introducing new disclosure tools tailored to the retail community.

✓ Participation in events for retail investors

In 2023, Etalon Group took part more often in webinars for private investors (Aton, Harmful Investor, Smart-Lab, Tinkoff) and in offline conferences (Smart-Lab, Profit).

✓ Communication with retail investors through social networks

Etalon Group regularly publishes important information through social networks. All material information events are accompanied by posts through our official social networks and are also distributed to investors through the media and specialised investment resources.

Etalon Group has an active presence on the most popular social network for investors, [Pulse \(Tinkoff Investments\)](#), where its official channel has more than 17 thousand subscribers, as well as on the [BCS Profit](#) platform.

✓ Accessible website

In order to provide equal, convenient and fast access to key information about the Company's activities for all groups of investors, the Company maintains two versions – English and Russian – of its IR website: <https://www.etalongroup.com>.

✓ Handling requests

We regularly deal with requests from private investors through official communication channels: the feedback form on our website and our IR email address ir@etalongroup.com.

¹ Moscow Exchange, [Stock Market: Results](#) report for December 2023.

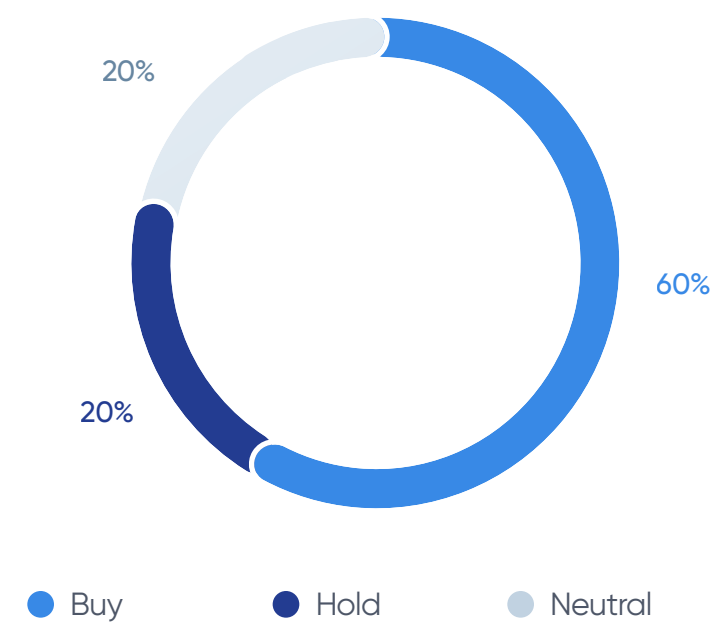


Analyst coverage

In 2023, Etalon Group's operations were covered by analysts from five leading Russian brokerage firms – BCS, Sberbank CIB, Gazprombank, Aton and Sinara – and they published reviews during the year of the residential real estate and development sector and of the operations of Russian companies.

Prior to the preparation of analytical reviews, the Company regularly held calls and meetings to discuss its performance and to provide analysts with a comprehensive understanding of its strategy, financial model, management performance and business growth drivers.

Analyst recommendations



Analytical coverage and recommendations¹

Bank	Analyst	Date	Recommendation
BCS	Elena Tsareva	29 September 2023	Buy
Sberbank CIB	Georgy Ivanin	21 February 2024	Buy
Gazprombank	Marat Ibragimov	17 October 2022	Buy
Aton	Mikhail Ganelin	17 January 2024	Neutral
Sinara	Maria Lukina	28 March 2024	Hold

123–129 RUB

average target price

34–41%

growth potential²

¹ As of 28 March 2024.

² The potential for growth in the value of the Company's GDRs is calculated relative to the price at the close of trading on 28 March 2024; RUB 91.64 per GDR.



Investor calendar

In addition to publishing its operating and financial results, Etalon Group regularly participates in in-person investor events and webcasts as an invited guest of the analytical and investment communities; information about such webcasts is available through the Group's social networks.

The calendar indicates the preliminary dates for the publication of the Company's results and for in-person events in 2024:

January 2024

4Q and FY 2023 operating results

April 2024

1Q 2024 operating results

July 2024

1H 2024 operating results

October 2024

9M 2024 operating results

Meeting with investors at the Smart-Lab Conference

March 2024

Results of the appraisal of the Company's project portfolio

FY 2023 IFRS financial results

June 2024

22 June: Meeting with investors at the Smart-Lab Conference

September 2024

1H 2024 IFRS financial results



Bonds and credit ratings

The Group's loan portfolio covers bank loans, including project financing, exchange bonds and other borrowings. As of 31 December 2023, there were two issues of rouble-denominated exchange-traded bonds from Etalon-Finance JSC worth a total of RUB 20 billion in circulation. All bond issues are included in Moscow Exchange's Level 2 quotation list.

In February 2023, Etalon-Finance JSC issued series 002P-01 exchange-traded bonds with a total par value of RUB 8 billion. The total demand exceeded the initial par value by 50%, thus increasing the value of the bond issue from the initially announced RUB 5 billion up to RUB 8 billion. In May 2023, an additional bond issue (No. 1) worth RUB 2 billion was placed.

Etalon-Finance JSC's instrument No. 4B02-02-55338-H-001P of 6 December 2017 (RU000A0ZYU39) matured on 15 February 2023.

Existing exchange-traded bonds

Instrument	Number and registration date	ISIN	Amount issued	Date of issue	Maturity date	Amortisation/option	Coupon rate	Payment frequency
Series BO-P03 exchange-traded bonds	No. 4B02-03-55338-H-001P of 13 September 2021	RU000A103QH9	RUB 10 billion	21 September 2021	15 September 2026	Amortisation 11% for coupon payments 12-19 12% upon maturity	9.10%	Four times a year
Series 002P-01 exchange-traded bonds	4B02-01-55338-H-002P of 17 February 2023 Additional issue No. 1, 4B02-01-55338-H-002P of 19 May 2023	RU000A105VU7	RUB 10 billion	22 February 2023 – main instrument 25 May 2023 – additional instrument	3 February 2038	Option 20 February 2026	13.7% prior to the option	Four times a year

Credit ratings

The rating agency Expert RA affirmed Etalon-Finance JSC's credit rating at ruA- with a stable outlook. Expert RA also affirmed the rating for instrument No. 4B02-03-55338-H-001P of 13 September 2021 and assigned a rating of ruA- to instrument No. 4B02-01-55338-H-002P of 17 February 2023 (including additional instrument No. 1, 4B02-01-55338-H-002P of 19 May 2023).

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Financial statements

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CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

mIn RUB	Note	2023	2022
Revenue	6	88,791	80,566
Cost of sales	7	(58,820)	(52,353)
GROSS PROFIT		29,971	28,203
General and administrative expenses	8	(7,475)	(7,259)
Selling expenses		(5,158)	(5,001)
Impairment loss on trade and other receivables	26 (b)(ii)	(829)	(912)
Gain from bargain purchase		–	12,038
Other income	9	496	331
Other expenses, net	9	(5,064)	(2,345)
RESULTS FROM OPERATING ACTIVITIES		11,941	25,055
Finance income – interest revenue	11	2,217	3,914
Finance income – other	11	598	75
Finance costs	11	(15,776)	(13,120)
NET FINANCE COSTS		(12,961)	(9,131)
Share of profit/(loss) of equity accounted investees		66	(37)
(LOSS)/PROFIT BEFORE INCOME TAX		(954)	15,887
Income tax expense	12	(2,416)	(2,886)
(Loss)/profit for the year		(3,370)	13,001
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(3,370)	13,001
(LOSS)/PROFIT ATTRIBUTABLE TO:			
Owners of the Company		(3,370)	12,948
Non-controlling interest		–	53
(Loss)/Profit for the year		(3,370)	13,001
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:			
Owners of the Company		(3,370)	12,948
Non-controlling interest		–	53
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(3,370)	13,001
(LOSS)/EARNINGS PER SHARE			
Basic and diluted (loss)/earnings per share (RUB)	22	(8.79)	33.77

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

mIn RUB	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	13	6,184	4,531
Intangible assets	14	2,956	2,652
Investment property		344	396
Other long-term investments	15	13,427	583
Trade and other receivables	18	1,446	1,569
Deferred tax assets	16	11,298	11,373
TOTAL NON-CURRENT ASSETS		35,655	21,104
Current assets			
Inventories under construction and development	17	117,110	119,600
Inventories – finished goods	17	26,525	16,872
Other inventories	17	8,400	6,047
Advances paid to suppliers	18	11,175	12,469
Costs to obtain contracts		1,662	1,197
Contract assets	6	31,252	28,733
Trade receivables	18	5,922	6,638
Other receivables	18	10,604	9,945
Income tax receivable		2,325	1,607
Short-term investments	19	37	22
Cash and cash equivalents	20	9,724	23,811
TOTAL CURRENT ASSETS		224,736	226,941
TOTAL ASSETS		260,391	248,045

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

mln RUB	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	21	2	2
Share premium	21	26,367	26,367
Reserve for own shares	21	(1)	(1)
Retained earnings		44,523	47,821
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		70,891	74,189
TOTAL EQUITY		70,891	74,189
Non-current liabilities			
Loans and borrowings	23	82,112	73,970
Trade and other payables	25	8,957	22,978
Provisions	24	366	406
Deferred tax liabilities	16	3,578	7,513
TOTAL NON-CURRENT LIABILITIES		95,013	104,867
Current liabilities			
Loans and borrowings	23	36,499	19,118
Trade and other payables	25	40,168	28,527
Contract liabilities	25	8,597	12,045
Income tax payable		1,308	241
Provisions	24	7,915	9,058
TOTAL CURRENT LIABILITIES		94,487	68,989
TOTAL EQUITY AND LIABILITIES		260,391	248,045

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

mln RUB	Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Reserve for own shares	Retained earnings	Total		
Balance as at 1 January 2022	2	26,367	(1)	34,992	61,360	-	61,360
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Profit for the year	-	-	-	12,948	-	53	13,001
Total comprehensive income for the year	-	-	-	12,948	12,948	53	13,001
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY							
Acquisition of subsidiaries with NCI	-	-	-	-	-	195	195
Result of acquisition and disposal of NCI in subsidiaries with NCI, note 22 (e)	-	-	-	(119)	(119)	(248)	(367)
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	(119)	(119)	(53)	(172)
BALANCE AS AT 31 DECEMBER 2022	2	26,367	(1)	47,821	74,189	-	74,189

mln RUB	Attributable to equity holders of the Company					Non-controlling interest	Total equity
	Share capital	Share premium	Reserve for own shares	Retained earnings	Total		
Balance as at 1 January 2023	2	26,367	(1)	47,821	74,189	-	74,189
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year	-	-	-	(3,370)	(3,370)	-	(3,370)
Total comprehensive loss for the year	-	-	-	(3,370)	(3,370)	-	(3,370)
TRANSACTIONS WITH OWNERS, RECORDED DIRECTLY IN EQUITY							
Disposal of subsidiary	-	-	-	72	72	-	72
TOTAL TRANSACTIONS WITH OWNERS	-	-	-	72	72	-	72
BALANCE AS AT 31 DECEMBER 2023	2	26,367	(1)	44,523	70,891	-	70,891

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

mIn RUB	Note	2023	2022
OPERATING ACTIVITIES:			
(LOSS)/PROFIT FOR THE YEAR		(3,370)	13,001
Adjustments for:			
Depreciation, including right-of-use assets		797	541
(Gain)/loss on disposal of property, plant and equipment	9	(214)	90
Loss on disposal of investment property	9	-	3
(Gain)/loss on disposal of inventories under construction and development	9	84	(51)
(Reversal)/Impairment loss on inventories	17	(34)	994
Impairment loss on trade and other receivables, advances paid to suppliers and investments	26 (b)(ii)	829	898
Share of (gain)/loss of equity accounted investees		(66)	37
(Gain)/loss on disposal of subsidiary	9	(14)	2
Gain on disposal of associate	9	-	(135)
Cost of social infrastructure facilities within the implemented projects		2,535	-
Gain from bargain purchase		-	(12,038)
Significant financing component from contracts with customers recognised in revenue		(157)	(324)
Savings on escrow-backed loans recognised in revenue		(4,697)	(2,715)
Finance costs, net	11	12,961	9,131
Income tax expense	12	2,416	2,886
CASH FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		11,070	12,320

The consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

mIn RUB	Note	2023	2022
Change in inventories	17	(9,780)	(24,897)
Change in accounts receivable	18	(49)	(2,212)
Change in contract assets	6	(25,990)	(24,029)
Change in accounts payable	25	(4,994)	2,424
Change in contract liabilities	6	(3,291)	(3,577)
Change in provisions	24	(2,964)	(28)
CASH USED IN OPERATING ACTIVITIES		(35,998)	(39,999)
Income tax paid		(4,518)	(5,553)
Interest paid		(6,015)	(5,263)
NET CASH USED IN OPERATING ACTIVITIES¹		(46,531)	(50,815)

The consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

1 The item "Repayments of borrowings" for the 12 months ended 31 December 2023 does not include repayments of project financing in the amount of RUB 18,003 million (12 months ended 31 December 2022: RUB 27,162 million) accounted for by offsetting cash received from escrow accounts. The offset is reflected in operating activities as part of changes in receivables

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

mln RUB	Note	2023	2022
INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipment		413	10
Proceeds from disposal of investment property		8	12
Interest received		1,952	1,211
Acquisition of property, plant and equipment and intangible assets		(2,146)	(1,201)
Loans given		(165)	(13)
Loans repaid		173	64
Proceeds from disposal of subsidiaries, net of cash disposed of		1	-
Acquisition of investment in associates and joint ventures		(9,014)	(247)
Acquisition of subsidiary, net of cash acquired		-	536
Acquisition of other investments	15, 19	-	(1)
Disposal of other investments	15, 19	-	45
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		(8,778)	416
FINANCING ACTIVITIES:			
Proceeds from borrowings	23	73,292	43,008
Repayments of borrowings ¹	23	(29,150)	(11,166)
Payments for lease liabilities, excluding interest	23	(2,966)	(2,144)
NET CASH FROM FINANCING ACTIVITIES		41,176	29,698
NET DECREASE IN CASH AND CASH EQUIVALENTS		(14,133)	(20,701)
Cash and cash equivalents at the beginning of the year		23,811	44,587
Effect of exchange rate fluctuations		46	(75)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	9,724	23,811

The consolidated statement of cash flow is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements.

Full consolidated financial statements for the year ended 31 December 2023 is available in Russia at the Company's website <https://www.etalongroup.com/investor-relations/annual-reports-and-accounts/>

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ALTERNATIVE PERFORMANCE MEASURES	177



GRI Standards

GRI standard	Report section/commentary	Disclosure
GENERAL DISCLOSURE		
Organisation's profile		
2-1	Organisational details	
	Name of the organisation	ETALON GROUP PLC Fully disclosed
	Location of headquarters	Parent company ETALON GROUP PLC (Cyprus), main operating company JSC Etalon Group (St Petersburg) Fully disclosed
	Number of countries where the organisation operates, and the names of the countries where it has significant operations and/or that are relevant to the topics covered in the report	As of May 2024, Etalon Group operates in the following regions of Russia: Moscow, Moscow region, St Petersburg, Omsk, Ekaterinburg, Tyumen, Kazan, the Novosibirsk region and the Rostov region Fully disclosed
	Ownership and legal form	Section: Shareholder interactions, p. 159 Fully disclosed
2-6	Activities, value chain and other business relationships	
	Main brands, products and/or services	Section: About Etalon Group, p. 5 Section: Project Portfolio, p. 38 Fully disclosed
	Markets served, including geographical locations where products and services are offered, sectors served, types of consumers and beneficiaries	Section: About Etalon Group, p. 5 Section: Project Portfolio, p. 38 Section: Customers, p. 112 Fully disclosed
	Scale of organisation	Section: About Etalon Group, p. 5 Section: Results, p. 77, 84 Section: Employees, p. 106 Fully disclosed
	Supply chain	Section: Responsible Supply Chain, p. 128 Fully disclosed
2-7	Employees	Section: Employees, p. 106 Fully disclosed
Strategy		
2-22	Statement on sustainable development strategy	Section: Sustainability – Introduction, p. 89 Fully disclosed
Ethics and integrity		
2-23	Policy commitments	Section: Corporate Ethics, p. 123 Fully disclosed
2-26	Mechanisms for seeking advice and raising concerns	Section: Corporate Ethics, p. 123 Fully disclosed

GRI standard	Report section/commentary	Disclosure
Governance		
2-9	Governance structure and composition	
	Governance structure; committees responsible for economic, environmental and social topics	Section: Corporate Governance, p. 153 Fully disclosed
	Structure of the highest governance body and committees	Section: Corporate Governance, p. 149 Fully disclosed
2-13	Delegation of responsibility for managing impacts	Section: Sustainability – Introduction, p. 89 Fully disclosed
2-11	Information on the Chairman of the Board of Directors: executive powers	Section: Corporate Governance, p. 150 Fully disclosed
2-12	Role of the highest governance body in overseeing the management of impacts	Section: Corporate Governance, p. 144 Fully disclosed
2-19	Remuneration policies	Section: Corporate Governance, p. 152 Fully disclosed
Stakeholder engagement		
2-29	Approach to stakeholder engagement	
	List of stakeholder groups engaged by the organisation	Section: Stakeholder Engagement, p. 93 Fully disclosed
	The organisation's approach to stakeholder engagement by type and by stakeholder group	Section: Stakeholder Engagement, p. 93 Fully disclosed
Reporting practice		
2-2	Entities included in the organisation's sustainability reporting	Section: Financial Statements, p. 165 Fully disclosed
3-1	Process to determine material topics	Section: Sustainability – Introduction, p. 90 Fully disclosed
3-2	List of material topics	Section: Sustainability – Introduction, p. 90 Fully disclosed
2-3	Reporting period, frequency and contact point	
	Reporting period	Section: About This Report, p. 4 Section: Sustainability – Introduction, p. 89 Fully disclosed
	Reporting cycle (annual or biennial, etc.)	Annual Fully disclosed
	Contact point for questions regarding the report	Section: Sustainability – Introduction, p. 89 Fully disclosed
2-5	External assurance	Section: About This Report, p. 4 Fully disclosed

GRI Standards

GRI standard	Report section/commentary	Disclosure
Approach to management of material topics		
3-3	Management of material topics	
	List and description of all material topics	Section: Sustainability – Introduction, p. 89 Fully disclosed
	Management approach to material topics and its components	Section: Stakeholder Engagement, p. 93 Section: Environmental Stewardship, p. 103 Section: Employees, p. 106 Section: Social Responsibility, p. 115 Section: Corporate Ethics, p. 123 Section: Responsible Supply Chain, p. 128 Fully disclosed
Procurement practices		
204-1	Percentage of local suppliers	Section: Responsible Supply Chain, p. 131 Fully disclosed
Anti-corruption policy		
205-1	Operations assessed for risks related to corruption	Section: Corporate Ethics – Anti-corruption Policy, p. 125 Partially disclosed
205-2	Communication and training about anti-corruption policies and procedures	Section: Corporate Ethics – Anti-corruption Policy, p. 126 Fully disclosed
205-3	Confirmed incidents of corruption and actions taken	Section: Corporate Ethics – Anti-corruption Policy, p. 127 Fully disclosed
SOCIAL TOPICS		
Employment		
401-2	Benefits provided to full-time employees	Section: Employees, p. 108, 110, 111 Fully disclosed
401-3	Parental leave	Section: Employees, p. 111 Partially disclosed
Labour-management relations		
402-1	Minimum notice periods regarding operational changes	Section: Employees, p. 110 Fully disclosed
Occupational health and safety		
403-1	Occupational health and safety management system	Section: Occupational Health and Safety, p. 98 Fully disclosed
403-2	Hazard identification, risk assessment and incident investigation	Section: Occupational Health and Safety, p. 100 Fully disclosed

GRI standard	Report section/commentary	Disclosure
403-4	Worker participation, consultation and communication on occupational health and safety	Section: Occupational Health and Safety, p. 101 Partially disclosed
403-5	Worker training on occupational health and safety	Section: Occupational Health and Safety, p. 102 Fully disclosed
403-8	Workers covered by an occupational health and safety management system	Section: Occupational Health and Safety, p. 99 Fully disclosed
403-9	Work-related injuries	Section: Occupational Health and Safety, p. 100 Partially disclosed
Training and education		
404-1	Average hours of training per year per employee	Section: Employees, p. 108 Partially disclosed
404-2	Programmes for upgrading employees' skills	Section: Employees, p. 108 Partially disclosed
Diversity and equal opportunities		
405-1	Diversity of governance bodies and employees	Section: Employees, p. 111 Fully disclosed
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Section: Corporate Ethics – Anti-discrimination Policy, p. 125 Fully disclosed
Child labour		
408-1	Risks associated with possible incidents of child labour in the Company's operations and supply chain	Section: Society – Respect for Human Rights, p. 123 Fully disclosed
Forced or compulsory labour		
409-1	Risks associated with possible incidents of forced or compulsory labour in the Company's operations and supply chain	Section: Society – Respect for Human Rights, p. 123 Partially disclosed
Human rights		
412-1	Operations that have been subject to human rights reviews or impact assessments	Section: Society – Respect for Human Rights, p. 123 Fully disclosed
Local communities		
413-1	Operations with local community engagement, impact assessments and development programmes	Section: Social Responsibility, p. 115 Fully disclosed

SASB Standards

In addition to GRI Standards, the Company has disclosed information in this Report in line with the individual SASB standards listed below.

SASB Standard		Report section/commentary
HOME BUILDERS¹		
Land Use and Ecological Impacts		
IF-HB-160a.1	Redevelopment sites	Section: Project Portfolio, p. 45
IF-HB-160a.4	Integration of environmental considerations into site selection, site design, and site development and construction	Section: Environmental Stewardship, p. 105
Workforce Health and Safety		
F-HB-320a.1	Total recordable incident rate (TRIR)	Section: Occupational Health and Safety, p. 100
Community Impacts of New Developments		
IF-HB-410b.2	Development on infill sites	Section: Project Portfolio, p. 38
IF-HB-410b.3	Compact developments (cluster development, mixed-use development, integrated development)	Section: Project Portfolio, p. 38

1 SASB Home Builders.

2 SASB Real Estate.

Alternative performance measures used in the 2023 Annual Report

We have included certain measures of financial and operating performance in the Annual Report, defined below, that are not recognised by International Financial Reporting Standards (IFRS). We have included these alternative performance measures for the reasons described below; however, these measures should not be used instead of, or considered as alternatives to, our historical financial results based on IFRS. The Company has defined the following:

Financial metrics:

Pre-PPA gross profit:

gross profit less purchase price allocation (PPA) from the acquisition of Leader-Invest included in the costs of sales.

EBITDA:

gross profit minus general and administrative expenses, minus selling expenses, plus depreciation and amortisation.

Pre-PPA EBITDA¹:

gross profit for the last 12 months minus general and administrative expenses, minus selling expenses, plus depreciation and amortisation, plus purchase price allocation from the acquisition of Leader-Invest included in the cost of sales.

Pre-PPA gross profit margin:

Pre-PPA gross profit as defined above divided by revenue.

Pre-PPA EBITDA margin:

Pre-PPA EBITDA as defined above divided by revenue.

EBITDA margin:

EBITDA as defined above divided by revenue.

We believe that the inclusion of pre-PPA gross profit, EBITDA, pre-PPA EBITDA, as well as pre-PPA gross profit margin, EBITDA and pre-PPA EBITDA margins is necessary because they (i) enhance investors' understanding of our financial performance, (ii) are used by us as important supplemental measures to assess the Company's financial performance, including our ability to fund discretionary spending such as capital expenditures and other investments and our ability to incur and service debt, and (iii) pre-PPA EBITDA is a measure incorporated into certain financial ratios in our loan instruments.

¹ Pre-PPA EBITDA in the Company's official disclosures is defined as adjusted EBITDA. See the supplementary information to the Company's IFRS consolidated statements.

Alternative performance measures used in the 2023 Annual Report

Financial metrics:

Net corporate debt:

loans and borrowings minus cash and cash equivalents, minus bank deposits with terms over 3 months, adjusted for contractual obligations for the reportable segment "Residential development", minus the cost of inventories under construction and development.

Net corporate debt to pre-PPA EBITDA:

ratio calculated by dividing net corporate debt by pre-PPA EBITDA (each as defined above).

We use these measures as the principal metrics for evaluating the impact of the total size of our net borrowings on our operations, and our ability to service our debt and to maintain the liquidity and solvency of our business.

Operating cash flow adjusted for cash collections held in escrow accounts:

net cash (used in)/from operating activities plus interest paid, plus receipt of funds in escrow accounts.

Free cash flow:

profit for the year adjusted for depreciation, impairments, interest, taxation, change in working capital, and change in invested capital.

Free cash flow adjusted for cash collections held in escrow accounts:

the sum of free cash flow, as defined, plus receipt of funds in escrow accounts.

We use these measures, as we believe they are important for gaining a better understanding of the Company's performance in terms of generating cash flow during the transition to project financing using escrow accounts.

Alternative performance measures used in the 2023 Annual Report

Operating metrics:

New contract sales:

number of sales contracts that have been entered into with customers (regardless of whether contracts were subsequently terminated).

New contract sales (sqm):

net sellable area of apartments, commercial premises and parking places for which sales contracts have been entered into with customers (regardless of whether contracts were subsequently terminated).

New contract sales (RUB):

monetary value of sales contracts for apartments, commercial premises and parking places for which contracts have been concluded with customers (regardless of whether contracts were subsequently terminated).

We use these operating measures as the principal metrics for evaluating the Company's operating performance. These are the most commonly used metrics in our industry, and they are frequently used by securities analysts, investors and other interested parties.

Cash collections (RUB):

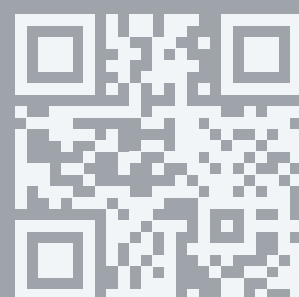
actual amount of money received by the Company for concluded contracts during the reported period, including cash collections in escrow accounts.

Deliveries (sqm):

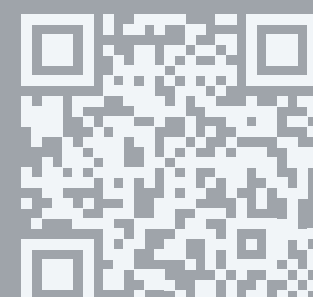
total net sellable area of delivered projects. This metric includes built-in commercial premises as well as parking places and social infrastructure that are part of projects.

IR contacts for investors and
shareholders:

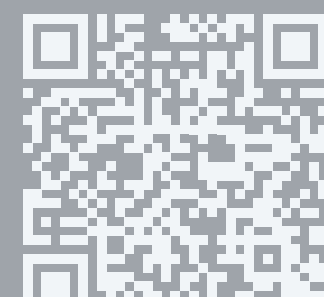
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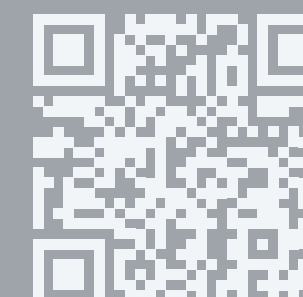
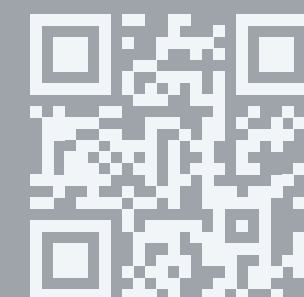
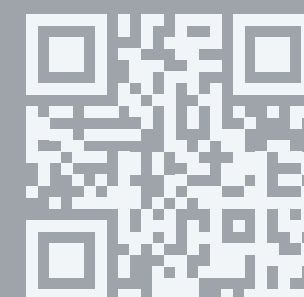
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