

# SEGEZHA GROUP ANNOUNCES OPERATING AND FINANCIAL RESULTS FOR FY 2021

**Moscow, March 31, 2022** – Segezha Group (MOEX: SGZH, a PJSC Sistema company), a leading vertically integrated holding company in the timber industry performing a full cycle of operations from logging to advanced wood processing, announces its consolidated audited IFRS financial results and operating results for the 12 months of 2021 (FY 2021).

- Revenue totalled RUB 92 bn, a 34% increase year-on-year (yoy), amid a recovery in global demand and higher average selling prices for the Group’s products.
- OIBDA reached RUB 29 bn, a 68% increase yoy, driven by the company’s integrated business model, revenue growth, and cost optimization by management.
- The OIBDA margin increased to 32% (+7 pp yoy).
- Net profit totalled RUB 15 bn, compared to a net loss of RUB 1.3 bn in the previous year, due to high operating efficiency, growth of revenue and business margins, and FX gains.

<b>Financial performance</b> <i>RUB mln</i>	<b>FY 2021</b>	<b>FY 2020</b>	<i>yoy</i>
Revenue	92,442	68,987	34%
OIBDA	29,252	17,459	68%
<i>margin, %</i>	32%	25%	+7 pp
Net profit	15,237	(1,348)	n/a
Capital expenditure	23,116	11,839	95%
M&A	20,186	902	22x
Free cash flow	(30,210)	1,993	n/a
Net debt	61,093	49,582	23%
Net debt/FY OIBDA, x	2.1	2.8	n/a

Rovshan Aliev, Segezha Group’s Vice President for Finance and Investment, said:

*“Segezha Group’s strong results in 2021 are testament to the consistent implementation of our business strategy and favourable market conditions. We achieved a lot during the year – we successfully completed an IPO, significantly strengthened our position in the Russian market, and made strategically important investments. The company’s revenue grew by 34% year-on-year, OIBDA increased by 68%, and the OIBDA margin strengthened by 7 pp to 32%. As of the end of 2021, Segezha Group’s debt burden stood at a comfortable 2.1x net debt/OIBDA. We are committed to furthering our progress in this direction, building on our strong results over the past six years.”*

## CONTACTS

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## MANAGEMENT COMMENTS

### Market review

In FY 2021, average selling prices for Segezha Group's products were as follows:

- Sack paper – EUR 677/t (+27% yoy)
- Sawn timber – EUR 239/cu m (+73% yoy)
- Birch plywood – EUR 678/cu m (+67% yoy)
- Glulam – EUR 490/cu m (+54% yoy)

Q4 2021 saw divergent trends across key product types. As a result of a decline in output and an increase in costs in the sector caused by rising energy prices in Europe, sack paper continued to suffer from a supply shortage. European manufacturers increased price on their products and so-called “energy surcharges” remained in place. Due to energy shortages in China and restrictions on energy usage imposed by the Chinese government at the end of Q3 2021, a large-scale output reduction in the pulp and paper sector was announced. Supply chains also remained under stress. The combination of these factors negatively affected supply and supported the upward price trend. In Q4 2021, sack paper prices grew by another 3% qoq. Inventories remained low throughout the supply chain.

In Q4 2021, sawn timber, plywood, and glulam were affected by seasonal factors due to lower levels of construction activity in winter. As expected, the market trend was for a rebalancing between supply and demand and as a result towards fair market prices. Despite the seasonal decrease in prices for sawn timber (-22% qoq), birch plywood and glulam (by 12% and 24% respectively from Q3 2021), product prices remained at record highs.

In Europe and Russia, raw material prices remain high. In Q4 2021, average prices for softwood timber in Russia were RUB 6,167/cu m (+52% yoy). Another cause of price growth was inflation in logistics costs globally due to a shortage of containers, port congestion and disruptions in global supply chains.

In FY 2021 Segezha Group's capacity utilization was nearly 100%.

In Q1 2022 the Group expects positive trends in market pricing and an increase in demand for sack paper, industrial packaging, sawn timber, plywood and glulam.

### Review of the Group's results

The Group's revenue for FY 2021 was RUB 92.4 bn (+34% yoy). This growth was driven predominantly by an increase in average selling prices for the Group's products, as well as the positive effect of changes in the RUB exchange rate against foreign currencies. Exports accounted for 74% of revenue for the period.

In FY 2021 the Group's OIBDA grew to RUB 29.3 bn (+68% yoy). This significant increase was achieved due to revenue growth and measures taken by management to control operating costs. Cost of sales grew at a significantly slower pace than revenue. Growth of SG&A was driven by costs associated with the Company's IPO (April 2021) and M&A transactions. The OIBDA margin for FY 2021 was 32% (+7 pp yoy).

The Group's net profit for FY 2021 increased to RUB 15.2 bn, from a loss of RUB 1.3 bn in the previous year due to growth of revenue and sales profitability, an FX gain of RUB 0.8 bn, and other financial income of RUB 0.4 bn driven by a positive revaluation of cross-currency and interest rate swaps.

### Financial position

As of December 31, 2021, total debt amounted to RUB 73.7 bn, an increase of 59% qoq. The debt portfolio as of 31 December 2021 consisted of liabilities denominated in foreign currencies (64%) and in roubles (36%). This data includes the conversion of part of

**RUB 92 bn**

Group revenue in FY 2021

**RUB 29 bn**

Group OIBDA in FY 2021

**RUB 61 bn**

The Group's net debt  
as of December 31, 2021

previously placed rouble-denominated exchange-traded bonds into euros under cross-currency swap contracts.

Interest income and expense for FY 2021 totaled RUB 3.1 bn, down 3% yoy, due to the reduction of weighted average interest rates on the debt portfolio and the improvement of results from the placement of temporary cash investments.

As of December 31, 2021, the weighted average funding rate on borrowed funds was 5.5% per annum. The weighted average financing period grew to 5 years. Cash and cash equivalents as of December 31, 2021, including bank deposits with maturities of less than three months, grew by RUB 9 bn or by 3.4x compared to December 31, 2020, to RUB 12.6 bn. The currency split of cash and cash equivalents was 11% in foreign currencies and 89% in roubles.

The Group's net debt grew by 23% to RUB 61.1 bn, and the net debt/OIBDA ratio in 2021 amounted to 2.1x compared to 2.8x as of December 31, 2020.

### Investments

In FY 2021 capital expenditures totalled RUB 43.3 bn (+3.4x yoy), of which 12% was for maintenance and 41% was invested in capacity expansion projects. 47% of investments, or RUB 20.2 bn, was allocated to M&A, including the acquisitions of Novoeniseisk Wood-Chemical Complex and Inter Forest Rus.

Excluding M&A, key areas of investment were as follows:

- RUB 4.3 bn – purchase of a construction project for a pulp and paper mill in the Krasnoyarsk region;
- RUB 2.4 bn – modernisation of the Segezha PPM;
- RUB 1.8 bn – modernisation of the Sokol PPM;
- RUB 1.4 bn – converting development and the construction of a new industrial paper packaging facility in Romania;
- RUB 0.8 bn – converting development and the installation of a new E11 line for paper packaging production at Segezha Packaging;
- RUB 0.8 bn – expansion of capacity at the Vyatka plywood mill;
- RUB 0.9 bn – construction of a pellet factory and a new boiler house at the Sokol woodworking integrated plant.

### Detailed information by segment

#### Paper and packaging

Paper and Packaging **revenue**<sup>2</sup> in FY 2021 was RUB 39.7 bn (+RUB 4.1 bn, or +11% yoy), while **OIBDA** was RUB 8.4 bn (-16% yoy). The margin decrease in Paper and Packaging was due to scheduled shutdowns for capital repairs at Segezha Pulp and Paper Mill and one-off accruals of impairment allowances. The OIBDA **margin** was 21%.

FY 2021	Production output	Sales volume	Average price, euros per unit (FCA)
Sack paper, ths t	369	369 <sup>4</sup>	677
Paper packaging, mln pcs	1,428	1,446	175 <sup>3</sup>

<sup>1</sup> Sales volume of 369 ths t, including paper directed to Segezha Group's own converting facilities of 146 ths t.

<sup>2</sup> Excluding revenue from intersegment transactions

<sup>3</sup> Price for one thousand sacks

## RUB 43 bn

Group capex, incl. M&A in FY 2021

## RUB 40 bn

Revenue in the Paper and Packaging segment in FY 2021

**Market overview:** in Q4 2021, paper prices grew slightly to 782 euro/t<sup>4</sup> (+3% qoq). Prices were still supported by the same factors as in Q3 2021: the energy crisis in Europe and the resulting “energy markups”, limitations on paper manufacturing in China since late Q3 2021, also associated with energy problems, and persistent logistical constraints. Inventories throughout the supply chain remained low.

A similar dynamic was seen in the paper sack market, where strong demand from economies recovering after COVID-19 amid limited supply supported upward price trends.

**Key investment projects:**

1. The modernisation of the Sokol PPM continues. Most of the foundation works are now complete. Production of various types of paper will increase by 65 ths t per year to 100 ths t per year thanks to construction of a new paper-making machine. Investment in the project is about RUB 11 bn.
2. The principal phase of equipment upgrades at the Segezha PPM has been completed, and preparation for capital repairs is now underway. The modernisation of the manufacturing plant will allow sack paper production capacity to be increased by 25 ths t in 2022. Investment in the project will amount to RUB 4.5 bn.
3. New conversion facilities in Lobnya. The design capacity of the new plant is 138 mln units of consumer packaging. The plant has a total of four lines. All of them have now been installed, three have been launched, and the fourth is undergoing start-up and pre-commissioning. Investment in the project is approximately RUB 1 bn. For more information, follow [this link](#).
4. A new line at the plant in Romania was installed and launched in Q1 2022. Production capacity will increase by 60 mln pcs to 160 mln units per year. The project’s capex is EUR 5.5 mln. For more information, follow [this link](#).
5. At Segezha Packaging two new manufacturing lines for industrial packaging have been commissioned. Their capacity is 174 mln items per year. Investment in the project is more than RUB 2 bn. See [here](#) for details.
6. Segezha Packaging has completed equipment upgrades at its plant in Horn, the Netherlands, including the implementation of a new bottomer and the installation of a latest-gen palletiser. Previously, the power supply system and the adhesive-feeding pipeline were upgraded. See [here](#) for details.

**Other:**

1. Segezha Group has opened an R&D Centre. This is the first corporate R&D Centre in Russia’s pulp and paper industry that will specialise in creating more effective and high-tech products in paper packaging. Employees of the centre will be involved in optimising structure and design, developing new products, and testing packaging solutions. Key efforts will focus on projects in thermoformed, food, e-commerce, and small-format packaging. Special attention will be paid to developing advanced packaging solutions for fresh products with biocovering from recycled materials, and with embossing. See [here](#) for details.
2. Segezha Group increased its share in the Segezha West project to 100%. See [here](#) for details.
3. Segezha Packaging Romania received the Best Companies 2021 Award from the Chamber of Commerce and Industry of Romania in the Manufacture of Fluted Paper, Paper and Cardboard Packaging Category. See [here](#) for details.

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<sup>4</sup> Hereinafter prices are based on the FCA

## RUB 29 bn

Revenue in the Forestry Management and Woodworking segment in FY 2021

### Forestry Management and Woodworking

**Revenue**<sup>2,5</sup> in Forestry Management and Woodworking in FY 2021 grew by RUB 9.8 bn to RUB 29.0 bn (+51% yoy), while **OIBDA** was RUB 16.4 bn, up from RUB 10.6 bn (3x yoy). OIBDA of the Forestry Management and Woodworking segment was positively affected by the fair estimation of NLHK value which resulted in RUB 3.7 bn gain. The **OIBDA margin** was 21%.

12M 2021	Production output	Sales volume	Average price, euros per unit (FCA)
Sawn timber <sup>5</sup> , ths cu m	1,075	975	239
Pellets, ths t	104	107	48
Fiberboard, mln sq m	28	28	0.64 <sup>6</sup>
Harvesting, ths cu m	5,771	-	-

**Market overview:** The last quarter of the year is typically characterised by lower demand amid a slowdown in construction activity during the winter period. Q4 2021 was no exception: as expected, sawn timber prices adjusted. During the reporting period, prices decreased by 22% qoq to 230 euro/cu m.

The market saw a persistent shortage of softwood timber, resulting in high prices for wood raw materials.

#### Key investment projects:

1. The modernisation of the Onega Sawmills is ongoing. To date, most contracts for the delivery of equipment have been concluded. Work is underway to design a sawmill and pellet factory. As a result, the total annual output of sawn materials will increase by 20% to 280 ths cu m and production costs will be reduced by 30% due to improved performance through the automation and further development of advanced wood processing. A new pellet plant with a capacity of 30 ths t will also be built. The project will be completed in early 2024. Investments will total about RUB 5.5 bn. For more information, follow this [link](#).
2. Preparatory works for the assembly and launch of the second drying kiln complex were completed as part of the Lesosibirsk Sawmills upgrade, awaiting delivery of necessary equipment. An expert review of the design documents returned a positive conclusion on the construction of a new thermal power plant, and works commenced to dig the foundation pit for this facility. Works on the complex engineering of a pellet factory and new sorting lines for sawn logs and dry sawn timber were completed. The modernisation of the Lesosibirsk plant will increase the production of sawn timber by 50 ths cu m, reduce production costs, switch manufacturing to more advanced technologies and boost product competitiveness in export markets. A new pellet factory with capacity of 100 ths t will also be launched in Lesosibirsk: associated equipment delivery contracts have already been signed. Lesosibirsk Sawmills production will become waste-free due to the construction of a new boiler house fired by bark waste with a capacity of 40 MW. For more information please see [here](#), [here](#) and [here](#). The project budget will be approximately RUB 4.4 bn.

<sup>5</sup> Excluding the production volume of the Sokol Woodworking integrated plant, the results of which are reflected in the Laminated wood products segment

<sup>6</sup> Price per thousand sq m

## RUB 12 bn

Revenue in the Plywood and Boards segment in FY 2021

### Plywood and Boards

Plywood and Boards segment **revenue**<sup>2</sup> in FY 2021 was RUB 12.5 bn (+64% yoy). **OIBDA** doubled to RUB 6.4 bn (+RUB 3.4 bn yoy). The **OIBDA margin** was 51%.

12M 2021	Production output	Sales volume	Average price, euros per unit (FCA)
Plywood, ths cu m	196	178	678
Fibreboard, ths sq m	26	25	0.64 <sup>6</sup>

**Market overview:** Q4 2021 in the plywood market was also characterised by lower demand due to seasonality. This was accompanied by a decrease in veneer logs price as favourable weather conditions in Q4 2021 allowed for a sufficient harvest. These raw materials are harvested primarily during the winter period.

The price of plywood in Q4 2021 decreased by 12% qoq to 830 euro/cu m.

#### Key investment projects:

1. Modernisation of the Vyatka Plywood Mill. The assembly of the building's load-bearing structures of a new section for additional plywood processing is now being finalised. The assembly of wall panels has commenced. Works are underway to upgrade individual process lines. Equipment deliveries commenced as part of the project's implementation. The plant capacity will increase by 33%, or 64,000 cu m, to 255,000 cu m. Investment will total approximately RUB 6.5 bn. The launch date is scheduled for 2022. For more information, follow this [link](#).
2. Construction of the Galich Plywood Mill. Mechanical installation of process equipment has been completed. Startup and pre-commissioning, entailing pilot product manufacturing on eight out of 35 lines, has commenced, after which manufacturing of commercial products will begin. The mill's capacity is 125,000 cu m. A wide range of products is planned, including high-margin products. The focus is on maxi plywood (7x13 feet), which is unique for the Russian market. Project investment is based on project financing, with the Group investing RUB 2.9 bn of the total commitment exceeding RUB 12 bn. Production will commence in 2022.

#### Other:

1. Segezha Group continued to expand its customer base in Q4 2021, launching partnerships with 16 new customers in the Middle East, China and Russia.

### Laminated wood products

## RUB 6.2 bn

Revenue in the Laminated wood products segment for 12M 2021

Laminated wood products segment **revenue**<sup>2</sup> in FY 2021 grew by 54% yoy to RUB 6.2 bn, **OIBDA** grew almost 3 times by RUB 2.1 bn to RUB 3.3 bn. The **OIBDA margin** was 54%.

12M 2021	Production output	Sales volume	Average price, euros per unit (FCA)
Glued timber, ths cu m	65	63	490
Prefabricated housing, ths cu m	20	19	421
CLT, ths cu m	9	7	447
Sawn timber <sup>7</sup> , ths cu m	95	81	239
Pellets, ths t	18	18	48

<sup>7</sup> Sawn timber produced at the Sokol woodworking plant. Not accounted for in the Forestry management and Woodworking segment

**Market overview:** in Q4 2021, the glulam and prefabricated housing market was also characterised by a downward market trend amid a decline in construction activity in the winter season. Average selling prices for the Group's glulam in Q4 2021 decreased by 24% qoq to EUR 536/cu m after a period of record growth in Q3 2021.

**Key investment projects:**

1. Segezha Group opened a new pellet factory in the Vologda Region. The new facility will produce 65,000 tonnes annually. More than RUB 1 bn has been invested in this project. For more information, follow this [link](#).

**Other:**

1. Segezha Group commenced operations in the Japanese market for glued laminated timber and structural laminated beams. At the request of a Japanese customer, Segezha Group manufactures laminated items with special cross-sections. For more information, follow this [link](#).

**Events subsequent to the reporting date**

Segezha Group is closely monitoring international developments with the aim of adapting quickly and efficiently to the new environment. The Company is fulfilling its obligations to creditors, shareholders and partners in full.

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Segezha Group is a unique Russian wood and paper holding company. It stands out in the industry for its full cycle of operations from logging to specialized manufacturing of a wide range of high-margin products. Segezha Group's development focus is on green technologies for advanced wood processing and waste-free use of raw materials. The Group is one of the world's largest forestry companies, with total leased forest area of 15.7 million hectares and an annual allowable cut of 22.7 million cubic meters (including PIPs, or priority investment projects). Segezha Group has a high level of self-sufficiency in raw materials, with 84% of the company's timber needs covered by its own resources. The company's international status as an environmentally and socially responsible forest user is supported by the fact that 88% of the company's forest lands are certified for compliance to voluntary international forest certification standards (not including Inter Forest Rus LLC). To increase the contribution of Russian forests to the global fight against climate change, as well as to improve productivity, sustainable forest management principles based on a scientifically proven intensive model are being introduced across all of the Group's forest assets. Segezha Group is a leader in several green carbon-capturing forestry products. It is Russia's largest manufacturer of paper for multilayer sacks, industrial paper sacks, and sawn timber. Globally, the Group is the world's 2nd largest producer of craft paper and industrial paper packaging, and the world's 5th largest producer of large-format birch plywood. The Company is also Europe's 3<sup>rd</sup> largest sawn timber manufacturer. Segezha Group is an international holding company that operates in 14 countries, although all of its primary production facilities are located exclusively in the Russian Federation. The Company is confident in its position in the global market for forestry products and responds flexibly to the slightest changes in the global business environment. It is represented in more than 100 countries. The Group's workforce grows and develops together with the holding, and currently numbers approximately 20 thousand employees. More information is available on the website: <http://segezha-group.com>

## APPENDIX 1

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (in thousands of Russian Rubles)

	<u>2021</u>	<u>2020</u>
Revenue	92,442,267	68,986,649
Cost of sales	<u>(53,016,391)</u>	<u>(45,477,189)</u>
<b>Gross profit</b>	<b>39,425,876</b>	<b>23,509,460</b>
Selling and administrative expenses	(19,999,990)	(14,545,143)
Gain on business acquisition	3,821,825	988,745
Other operating (expenses)/income, net	<u>(897,789)</u>	<u>1,213,365</u>
<b>Operating profit</b>	<b>22,349,922</b>	<b>11,166,427</b>
Interest income	772,353	176,415
Interest expense	(3,910,111)	(3,402,662)
Other finance income/(expenses), net	379,540	(782,639)
Foreign exchange differences, net	758,961	(7,674,875)
Other income	667	18,243
<b>Profit/(loss) before tax</b>	<b>20,351,332</b>	<b>(499,091)</b>
Income tax expense	<u>(5,114,517)</u>	<u>(848,792)</u>
<b>Net profit/(loss) for the reporting year</b>	<b>15,236,815</b>	<b>(1,347,883)</b>
<b>Other comprehensive income/(loss)</b>		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit pension obligations	72,814	(52,420)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>67,240</u>	<u>1,004,488</u>
<b>Other comprehensive income</b>	<b>140,054</b>	<b>952,068</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>15,376,869</b>	<b>(395,815)</b>
Net profit/(loss) attributable to:		
Shareholders of Segezha Group PJSC	15,270,220	(1,346,726)
Non-controlling interests	<u>(33,405)</u>	<u>(1,157)</u>
	<b>15,236,815</b>	<b>(1,347,883)</b>
Total comprehensive income/(loss) attributable to:		
Shareholders of Segezha Group PJSC	15,410,274	(394,658)
Non-controlling interests	<u>(33,405)</u>	<u>(1,157)</u>
	<b>15,376,869</b>	<b>(395,815)</b>
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company (in RUB)	<u>1.06</u>	<u>(0.11)</u>



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**  
*(in thousands of Russian Rubles)*

	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>		
NON-CURRENT ASSETS:		
Property, plant and equipment	81,387,769	42,315,222
Right-of-use assets	49,105,235	14,649,041
Intangible assets	5,967,749	1,822,070
Goodwill	443,838	443,838
Investments in joint ventures and associates	593,036	458,192
Deferred tax assets	1,317,143	1,132,567
Prepayments for non-current assets, net	5,279,688	2,482,463
Loans issued to related parties	8,266,061	1,347,870
Other non-current assets	629,045	230,470
<b>Total non-current assets</b>	<b>152,989,564</b>	<b>64,881,733</b>
CURRENT ASSETS:		
Inventories, net	23,469,638	9,432,609
Contract assets	1,185,695	1,290,658
Trade and other receivables, net	8,224,944	5,862,900
Taxes receivable	7,712,461	3,057,269
Advances and other current assets	3,093,172	1,222,277
Cash and cash equivalents	12,633,628	3,670,197
<b>Total current assets</b>	<b>56,319,538</b>	<b>24,535,910</b>
<b>TOTAL ASSETS</b>	<b>209,309,102</b>	<b>89,417,643</b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY:		
Share/charter capital	1,569,000	1,194,000
Additional paid-in capital	35,128,800	6,323,605
Retained earnings	7,757,982	(345,035)
Accumulated other comprehensive income	1,709,070	1,569,016
Equity attributable to the shareholders of Segezha Group PJSC	46,164,852	8,741,586
Non-controlling interest	26,628	126,630
<b>Total equity</b>	<b>46,191,480</b>	<b>8,868,216</b>
NON-CURRENT LIABILITIES:		
Loans and borrowings	52,361,914	50,758,014
Lease liabilities	19,256,015	9,573,338
Other financial liabilities	974,465	943,358
Pension obligations	737,137	917,435
Deferred tax liabilities	8,555,202	1,835,476
Consideration payable for business acquisition	3,714,630	-
Other non-current liabilities	4,296,183	5,931
<b>Total non-current liabilities</b>	<b>89,895,546</b>	<b>64,033,552</b>
CURRENT LIABILITIES:		
Loans and borrowings	21,364,349	2,494,023
Trade and other payables	14,430,964	9,612,693
Lease liabilities	3,184,023	1,380,598
Provisions	1,261,601	559,758
Taxes payable	3,391,242	1,210,363
Consideration payable for business acquisition	18,410,897	-
Dividends payable	6,591,137	-
Advances received	4,587,863	1,258,440
<b>Total current liabilities</b>	<b>73,222,076</b>	<b>16,515,875</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>209,309,102</b>	<b>89,417,643</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**  
*(in thousands of Russian Rubles)*

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Net profit/(loss) for the reporting period	15,236,815	(1,347,883)
<i>Adjustments for:</i>		
Depreciation and amortisation	5,785,994	5,357,137
Depreciation of right-of-use assets	1,116,004	915,559
Interest income recognised in profit or loss	(772,353)	(176,415)
Interest expense recognised in profit or loss	3,910,111	3,402,662
Other finance (income)/expenses	(379,540)	782,639
Gain on business acquisition	(3,821,825)	(988,745)
Income tax expense recognised in profit or loss	5,114,517	848,792
Allowance for expected credit losses	338,760	98,826
Loss on write-off of inventories	44,894	66,149
Allowance for inventory impairment	649,245	(445)
Gain on disposal of property, plant and equipment	(184,655)	(341,304)
Foreign exchange differences, net	(758,961)	7,674,875
Impairment loss on property, plant and equipment	906,554	-
Other	178,465	150,086
	<b>27,364,025</b>	<b>16,441,933</b>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(1,429,423)	96,085
(Increase)/decrease in inventories	(5,573,158)	1,031,276
Increase in other assets	(4,817,331)	(345,682)
Increase in trade and other payables	1,609,375	213,705
Increase in other liabilities	4,591,987	1,075,664
	<b>21,745,475</b>	<b>18,512,981</b>
<b>Cash generated from operating activities</b>	<b>21,745,475</b>	<b>18,512,981</b>
Interest paid	(2,547,568)	(2,099,438)
Income taxes paid	(6,105,982)	(1,679,085)
	<b>13,091,925</b>	<b>14,734,458</b>
<b>Net cash from operating activities</b>	<b>13,091,925</b>	<b>14,734,458</b>

**CONSOLIDATES STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)**  
*(in thousands of Russian Rubles)*

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(20,237,668)	(10,768,349)
Payments for intangible assets and right-of-use assets	(2,877,837)	(1,070,907)
Proceeds on disposal of property, plant and equipment	451,142	205,023
Loans issued to joint venture	(6,968,191)	(1,490,010)
Repayment of loans issued to joint venture	50,000	1,319,540
Interest received	447,170	176,415
Cash outflow from deconsolidation of Group companies	-	(44,657)
Investment in joint venture	(535,590)	(297,178)
Distribution to companies under common control	(644,000)	(55,600)
Net cash outflow on acquisition of Group companies	(20,185,987)	(901,963)
Other movements	3,805	3,157
<b>Net cash used in investing activities</b>	<b><u>(50,497,156)</u></b>	<b><u>(12,924,529)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares through public offering	30,000,000	-
Share issue transactions costs	(1,024,756)	-
Proceeds from loans and borrowings	21,241,889	22,431,413
Proceeds from bonds	20,000,000	-
Repayment of principal of loans and borrowings	(22,637,309)	(18,122,246)
Other finance income	410,647	160,719
Dividends paid	-	(4,500,000)
Lease liability payments	(1,709,617)	(1,462,324)
Share-based payments	(126,990)	(130,761)
<b>Net cash generated from/(used in) financing activities</b>	<b><u>46,153,864</u></b>	<b><u>(1,623,199)</u></b>
Net increase in cash and cash equivalents	8,748,633	186,730
<b>Cash and cash equivalents, beginning of the year</b>	<b><u>3,670,197</u></b>	<b><u>3,214,409</u></b>
Effect of exchange rate changes on cash held in foreign currencies	214,798	269,058
<b>Cash and cash equivalents, end of the year</b>	<b><u>12,633,628</u></b>	<b><u>3,670,197</u></b>